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Agenda item 142
Report on the activities of the Office of Internal Oversight Services

Proposal on the dissemination and distribution of audit reports

Report of the Office of Internal Oversight Services

Summary

The present report is submitted in response to General Assembly resolution 66/236, in which the Assembly requested the Secretary-General to entrust the Office of Internal Oversight Services with submitting a proposal to it no later than the main part of its sixty-seventh session on the dissemination and distribution of internal audit reports, including the parameters and modalities, and in full consultation with key stakeholders, including the Department of Management, the Office of Legal Affairs and the Independent Audit Advisory Committee. While it is acknowledged that making audit reports available to the public is a policy matter to be decided by the Assembly, the Office of Internal Oversight Services believes that the steps outlined in the report would enhance transparency and encourage more timely responses to critical and important issues.

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I. Introduction

1. The General Assembly, in its resolution 66/236, reaffirmed paragraph 12 of resolution 64/263, and requested the Secretary-General to entrust the Office of Internal Oversight Services (OIOS) to submit a proposal to it no later than the main part of its sixty-seventh session on the dissemination and distribution of internal audit reports, including the parameters and modalities, and in full consultation with key stakeholders, including the Department of Management, the Office of Legal Affairs and the Independent Audit Advisory Committee.

2. Pursuant to the General Assembly's request, OIOS sets forth in the present report its proposal to publicly disseminate internal audit reports, acknowledging that this is a policy matter to be decided by the Assembly.

3. OIOS believes that such a step would enhance transparency and accountability with regard to the efficiency and effectiveness of the operations of the United Nations Secretariat, the funding for which derives from Member States through assessments or voluntary contributions. In addition, this step could improve public opinion about the Organization, since internal audit reports outline operational strengths, and could also improve awareness of the Organization's commitments as well as of its actions to address reported deficiencies in a responsible and timely manner.

II. Parameters and modalities for publishing internal audit reports

A. Notification prior to publishing final internal audit reports

4. The list of final internal audit reports issued to management will continue to be posted on the OIOS website on a monthly basis, as is currently the practice. A delay of 30 days (from the date of the posting on the OIOS website) is proposed prior to making publicly available appropriately redacted[1] reports containing overall opinions rated as "partially satisfactory" or "unsatisfactory", as communicated in A/66/286 (Part 1), paragraphs 19 (b) and (c) respectively. The delay is proposed to provide senior management (other than those in management to whom the reports were directly issued) and the representatives of Member States the privilege of requesting access prior to public release.

5. Progress by management in implementing remedial actions will be reported in the context of regular follow-up activities on a quarterly (for critical[2] recommendations) or annual (for important[3] recommendations) basis, with resulting improvement on overall opinion ratings reflected accordingly on the OIOS website.

[1] See section II.B.

[2] "Critical" recommendations address deficiencies that are likely to prevent the achievement of significant operational or control objectives within the defined scope for the audit.

[3] "Important" recommendations address deficiencies that could potentially interfere with achieving significant operational or control objectives within the defined scope for the audit.

B. Safeguards in publishing internal audit reports

6. OIOS appreciates that the internal audit reports might sometimes contain sensitive information, including audit results that may lead to possible inference of misconduct and subsequent investigations. With regard to the handling of such information, OIOS shall be guided by the Secretary-General's bulletins on the staff rules and staff regulations of the United Nations (ST/SGB/2011/1) and on information sensitivity, classification and handling (ST/SGB/2007/6).

7. More specifically, in line with General Assembly resolution 59/272, paragraph 2, OIOS will appropriately classify and withhold release of certain internal audit reports containing sensitive information, and will redact sensitive information contained in internal audit reports released to the public, as follows:

(a) The names of individuals, or information that would permit identification of individuals, for privacy reasons;

(b) Physical and other security risks related to locations or persons, which could potentially aid and abet any hostile act;

(c) Details of counter-fraud activities, or reports regarding fraudulent activities, such as those relating to preventive or detective counter-fraud, control or risk management activities, that could potentially be exploited to defraud the Organization;

(d) Information concerning control, financial and risk management weaknesses not yet remediated that could potentially be exploited to the detriment of the Organization.

III. Consultations

8. OIOS consulted management with regard to the proposal to make the internal audit reports publicly available, including with the Department of Management, the Office of Legal Affairs and the Independent Audit Advisory Committee. The comments and advice from the consultation have been taken into consideration in finalizing the present proposal.

9. In particular, the Advisory Committee provided advice on safeguards and opinions. The Department of Management and the Office of Legal Affairs commented and advised on various aspects of communication processes and on due process and sensitivity of information.

10. Finally, OIOS also advised the Joint Inspection Unit and the Board of Auditors of the proposed changes, providing assurance with regard to the safeguards outlined in paragraphs 6 and 7 above.

IV. Actions to be taken by the General Assembly

11. **The General Assembly is requested to take note of the present report and endorse the proposal to make the internal audit reports available on the OIOS publicly accessible website.**

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Agenda item 31
Report of the Peacebuilding Commission

Security Council
Sixty-seventh year

Report of the Peacebuilding Commission on its fifth session

I. Introduction

1. The present report has been prepared pursuant to General Assembly resolution 60/180 and Security Council resolution 1645 (2005), in which the Peacebuilding Commission was requested to submit an annual report to the Assembly for an annual debate and review. The report will also be submitted to the Council, pursuant to its resolution 1646 (2005), for an annual debate. The report covers the fifth session of the Commission, from 1 January to 31 December 2011.

2. On 29 October 2010, the General Assembly, in its resolution 65/7, and the Security Council, in its resolution 1947 (2010), requested the Commission to reflect in its annual reports the progress made in taking forward the relevant recommendations contained in the co-facilitators' report entitled "Review of the United Nations peacebuilding architecture" (A/64/868-S/2010/393; the 2010 review). The present report is the first response to that request.

II. Work of the Commission

3. During the reporting period, the Organizational Committee developed a workplan that focused on the implementation of the relevant recommendations from the 2010 review. At the same time, the country configurations of the Peacebuilding Commission continued their support for countries on the agenda by providing political advocacy and support, fostering coherence among key actors and intensifying efforts at resource mobilization. A new country, Guinea, was placed on the agenda on 23 February 2011. The Working Group on Lessons Learned facilitated broader lesson sharing, focusing on critical peacebuilding priorities for the countries on the Commission's agenda. The reporting period also witnessed continued improvement in synergies with the Peacebuilding Fund, which is reflected in greater detail in the relevant country-specific sections (see sect. II.B).

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A. Organizational Committee

Implementation of relevant recommendations from the 2010 review

4. The Organizational Committee approved, on 25 January, the Chair's road map for actions in 2011. The road map is considered a living document which spells out the Commission's plan to take forward in 2011 the relevant recommendations from the 2010 review. It prioritized four areas, namely: (a) support for r tional capacity development; (b) resource mobilization; (c) alignment of key actors behind common peacebuilding objectives; and (d) adoption of flexible and adaptable instruments of engagement.

5. The fourth annual informal retreat at the ambassadorial level, which took place on 30 March 2011, provided an early opportunity for the Committee to address two of the priority areas identified by the road map, the alignment of key actors and national capacity development. The retreat provided a platform for member States to exchange views on, draw attention to and encourage actions by key United Nations operational actors in relation to those priorities. In particular, they discussed ways in which the Commission could leverage its political weight and potential convening power as it exercises its mandate to align relevant actors behind a common vision for peacebuilding. The participants also reflected on common challenges to national capacity development in post-conflict settings and the role that the Commission should play in helping the countries on its agenda to meet those challenges.

6. Building on the initial discussions at the retreat, the Peacebuilding Support Office led a process within the Senior Peacebuilding Group culminating in a document that presented the United Nations system views on the implementation of the road map. Drawing on those early processes, the Committee was able to set in motion policy-level and thematic discussions relating to the priorities identified in the road map, and initiate important outreach activities through its Chairperson and the Chairs of the Commission's configurations. Those discussions and activities were designed to support the work of the country configurations. The remainder of section I describes the specific actions that the Committee has taken in implementation of the road map. An analytical account of progress made and outstanding challenges are outlined in section III of the report.

Practical approaches to resource mobilization

7. On 1 June, the Chair of the Working Group on Lessons Learned briefed an informal meeting of the Committee on a recently convened discussion on practical approaches to resource mobilization. The discussion confirmed and highlighted both the potential and the limitations of the Commission's role in resource mobilization. The Chairs of the country configurations provided an overview of the progress made and challenges faced in resource mobilization for the countries on the agenda. The Committee's discussion reflected an evolving and practical understanding that the Commission's role in undertaking resource mobilization for the countries on its agenda would include assistance rendered for prioritization; advocacy and political accompaniment; policy formulation; and coordination of efforts and facilitating partnerships with international financial and regional institutions, as well as with the private sector.

Focus on national capacity development

Review of civilian capacity in the aftermath of conflict

8. As part of the focus on supporting national capacity development, the Committee continued to engage in review of civilian capacity in the aftermath of conflict. Building on the contributions it made to the work of the Senior Advisory Group during the previous reporting period (see A/65/701-S/2011/41), the Committee initiated the fifth session by interacting with a member of the Advisory Group and the Director of the review team in the Secretariat. During that interaction, the Committee was apprised of the recommendations contained in the independent report of the Senior Advisory Group (A/65/747-S/2011/85, annex II). Several members reiterated the importance of the recommendations, which would help to improve the United Nations contribution to strengthening national capacities for peacebuilding. The member of the Advisory Group emphasized that the Commission would be a particularly appropriate forum for taking forward a number of recommendations in view of its mandate to work across organizational boundaries and address the entire continuum of peacebuilding activities.

9. The Under-Secretary-General of the Department of Field Support briefed the Committee on 22 July on the process of taking forward the recommendations made by the Secretary-General in his report on civilian capacity in the aftermath of conflict (A/66/311-S/2011/527). She pointed out that preliminary United Nations efforts in South Sudan were already highlighting the mismatch between high popular expectations of delivering results and the weak absorption capacity of the Government. South Sudan was also an example in which building capacity could benefit from joint projects and partnerships between the United Nations and regional organizations. Some members of the Committee expressed interest in at least one of the countries on the agenda becoming a pilot for the implementation of partnership arrangements that draw on the capacities from the global South, and in the United Nations exploring agile and predictable funding for those arrangements.

System-wide developments

10. On 22 June, the Assistant Administrator and Director of the Bureau for Crisis Prevention and Recovery of the United Nations Development Programme (UNDP), was invited to brief the Committee on an evolving process led by UNDP aimed at strengthening the United Nations system-wide approach to capacity development for peacebuilding. The Director underlined the growing consensus that capacity development for peacebuilding should encompass a national vision and inclusive ownership of the peacebuilding processes, clarity of priorities and realistic sequencing of activities. Members of the Committee stressed the need for a United Nations system-wide approach to capacity development for peacebuilding. Such an approach would give balanced attention to strengthening security and economic capacities in countries emerging from conflict, and to the capacity of the State to deliver quick dividends while building longer-term institutional capacity.

Partnership, outreach and experience-sharing

11. Building on the recommendations made and the momentum generated by the 2010 review, the Chairperson and the Chairs of the configurations undertook a number of activities on behalf of the members of the Organizational Committee and the wider membership of the Commission. Those activities were aimed either at

broadening the base of support of Member States and regional groupings for the country-specific work of the Commission, or at strengthening partnerships with key actors at Headquarters and in the field. Some of the activities described below could also be viewed in the context of the Commission's key functions, such as resource mobilization and promoting coherence.

Interaction with the World Bank

12. On 29 April, the Committee hosted the launching of the World Bank's *World Development Report 2011: Conflict, Security and Development*,[1] bringing together members of the World Bank Board of Directors and of the Commission, as well as senior officials from the main operational United Nations entities. The event offered an opportunity to exchange views on the following: the overarching challenges identified in the *Report*; substantive areas requiring greater attention by the World Bank and other United Nations entities; opportunities for the organizations to improve their institutional response in post-conflict settings; and the support that is required from the international donor community. Concrete suggestions to take forward the recommendations of the *Report*, with support from the United Nations system, included: (a) the need to jointly address country-specific implications in the Commission's country configurations; (b) combined or closely coordinated programming between the World Bank and other entities of the United Nations system, and other national and international actors, especially where issues of security, justice and development intersect; (c) linking the operationalization of relevant recommendations contained in the 2011 *Report* to that of relevant recommendations from the review of civilian capacity (A/65/747-S/2011/85); and (d) the need to develop impact measurement tools and indicators that can inform the workplans of the World Bank and other United Nations entities.

Interaction with political and regional groupings

13. The Chairperson interacted with the Coordinating Bureau of the Movement of Non-Aligned Countries and the Group of African States on 20 April and 26 May, respectively. During the interactions, the Chairperson presented the Commission's plans to take forward the recommendations of the 2010 review and advocated for more proactive engagement by the members of the Coordinating Bureau and the Group of African States in support of the Commission's work. The feedback from the membership of both groupings was positive, showing the scope of broad political support for the Commission, and at the same time confirming the need for more regular and targeted outreach to the broader membership in order for the political support to further translate into practical assistance to the countries on the Commission's agenda.

High-level Meeting on Post-Conflict Peacebuilding: the experience of Rwanda

14. The Government of Rwanda, in its capacity as the Chair of the Commission and in collaboration with the African Development Bank (AfDB) and the Peacebuilding Support Office, convened in Kigali on 8 and 9 November a high-level meeting on post-conflict peacebuilding: peace and State-building: the Rwandan experience. President Paul Kagame of Rwanda, opened the meeting, with the participation of the President of Burundi, the Prime Minister of Côte d'Ivoire and

[1] Washington, D.C., International Bank for Reconstruction and Development/World Bank, 2011.

other high-level officials from the countries on the Commission's agenda. Representatives from Haiti and Timor-Leste, senior officials from the African Union and the World Bank, and Chairs of the Commission's configurations also participated in the meeting.

15. The event represented an innovative effort by the Commission to serve as a platform for promoting experience-sharing between countries that have undergone peacebuilding and State-building processes and those who are engaged in or embarking on similar processes. Frank and focused discussion took place on critical peacebuilding challenges, such as inclusive ownership and leadership; innovative approaches to nation-building and socio-economic development; and the strategic use of aid. The discussions were designed to allow for the participating countries to gain first-hand insights into Rwanda's experience in managing a complex post-conflict landscape focused on State- and institution-building.

16. The recommendations from the event included a call on the Commission to reflect on lessons learned from the Rwandan experience, as appropriate, in the development and implementation of the instruments of engagement with the countries to be placed on its agenda. Another recommendation was that the Commission build on existing mechanisms within the United Nations system to facilitate lesson-sharing between countries that have experience in peacebuilding and State-building and those that are about to undertake such processes. In addition, African countries represented at the Conference called for sustainable mechanisms to drive a more proactive African agenda of sharing lessons and best practices in peacebuilding and nation-building, for the benefit of African countries that have undergone conflict.

17. Going forward, the Commission will actively follow up on the report of the Secretary-General on civilian capacity in the aftermath of conflict (A/66/311-S/2011/527) and engage with the African solidarity initiative of the African Union.

Establishing a partnership with the African Development Bank

18. The Chairs of the configurations visited the temporary headquarters of the African Development Bank in Tunis on 11 November. The visit was the first of its kind since the establishment of the Commission. A key objective of the visit was to deepen the collaboration between the Commission and AfDB and explore how both institutions could jointly support peacebuilding priorities in African countries on the Commission's agenda. The visit culminated in minutes of consultation, which spell out areas of potential collaboration between the two institutions. These include resource mobilization and advocacy; policy dialogue on critical peacebuilding issues; working together on youth employment; and underlining complementarity of funding between the Peacebuilding Fund and AfDB. In follow up to the outcome of the visit, the Peacebuilding Support Office is developing a workplan with AfDB to take forward each of the above-mentioned areas of collaboration.

Promoting women's role and participation in peacebuilding

19. The Committee jointly organized a meeting with the Executive Board of the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women) on 18 November. The main objectives were to draw attention to the immediate and long-term needs of women and their role in economic recovery for sustainable peacebuilding; to share good practices on integrating women into

employment and economic recovery initiatives; and to generate common thinking to promote coordination and coherence in the work of the United Nations system and other partners. The meeting highlighted the need for the Commission and UN-Women to jointly promote a 15 per cent spending threshold for United Nations projects that target women's needs and empowerment; to convene country-specific discussions on the progress and challenges of integrating women into peacebuilding; and to activate the dialogue between country configurations and UN-Women on country priorities for women's participation in peacebuilding.

Thematic discussion: contribution of peacekeepers to early peacebuilding

20. In its resolution 65/290, the General Assembly requested that the Secretary-General consult closely, throughout the process of the preparation of the strategy for early peacebuilding, with Member States, the Commission, the funds, programmes and specialized agencies of the United Nations system, and all relevant Secretariat entities. Pursuant to that request, on 25 October, the Committee invited the Department of Peacekeeping Operations and the Department of Field Support to conduct a briefing on the jointly and recently developed strategy on the contribution of peacekeepers to early peacebuilding. The briefing was envisaged as part of the ongoing reflection within the Commission on the synergy between peacekeeping and peacebuilding in the field, an issue highlighted in the 2010 review in the context of the relationship between the Commission, the General Assembly and the Security Council.

21. The representative of the Department of Peacekeeping Operations noted that the strategy identifies activities that advance the peace process and political objectives of the mission and activities that aim to consolidate the peace process by laying the foundations for longer-term institution-building. The Department also emphasized that the strategy represents a checklist to be followed to ensure that critical peacebuilding elements are addressed and that the Commission's role becomes crucial as the peacekeeping missions prepare for transition from one form of political and operational engagement to another, as in the case of Liberia.

22. Committee members emphasized the need for the process of developing the strategy to take into consideration the views of troop-contributing countries and for further discussions with member States at the meetings of the Commission, as well as at the Special Committee on Peacekeeping Operations. Members of the Organizational Committee stressed that the strategy would be assessed by its practical contribution to a more effective and successful performance of critical peacebuilding tasks by peacekeeping missions. Members also placed particular emphasis on the need for peacekeeping missions to draw on the capacity and expertise of the United Nations country teams in the context of a more effective integration of efforts to support peacebuilding in the field, while ensuring that peacebuilding prioritization must continue to be a nationally owned process and demand-driven. In that respect, a representative of UNDP who participated in the discussion noted that development actors needed to be engaged early in designing the peacekeeping missions' peacebuilding activities.

Interaction with the principal organs of the United Nations system

23. Interaction with the General Assembly has been reflected through the Chairperson's briefing to the Special Committee on Peacekeeping Operations of the General Assembly on 25 February. During the briefing, the Chairperson presented the Commission's perspectives on the complementarity between peacekeeping and peacebuilding with a view to informing the Committee's development of the corresponding section of its annual report. In this regard, he pointed out that while integrated peacekeeping missions have contributed to meeting various peacebuilding priorities, there is a need to improve the manner in which security and development actors in the field plan and carry out their respective tasks. There is also a need for more clarity in regard to roles and responsibilities.

24. The relationship with the Security Council has continued to develop during the reporting period. In the context of the midyear discussion of the Chairperson's progress report on the implementation of the road map, members of the Committee who are also members of the Security Council outlined areas where progress has been made, including the following: the introduction of informal interaction between the Council, the Chairs of the country configurations and the representatives of the countries on the agenda when the mandate of the corresponding peacekeeping or political mission is being reformulated; and the increasing reference in relevant statements by the President of the Council to the work of the Commission and the need to actively draw on its advice. The Chairperson of the Commission and the Chairs of the country configurations were also invited to address relevant meetings of the Council and conduct country-specific briefings, providing an opportunity to highlight the potential for strengthening the Commission's advisory role to the Council. The participation of permanent members in the Commission's field visits to the Central African Republic and Liberia represented another important development during the reporting period aimed at strengthening the links between the Council and the Commission. However, there is growing recognition that additional efforts are needed on both sides to strengthen the relationship, which is underscored in the "Conclusions" section of the report (see para. 109).

25. The Commission and the Economic and Social Council organized an informal joint event on 13 June, on the theme "Promoting durable peace and sustainable development in the Sudan and South Sudan". The event took place ahead of the formal declaration of independence of South Sudan and aimed at drawing international attention to the development and State-building priorities of the nascent country. The event was inaugurated by the Vice-President and Finance Minister of the Government of Southern Sudan, who underlined the need for demand-driven, coordinated, coherent and integrated support by the United Nations system. Subsequently, on 22 July, the Chairperson made his annual informal briefing to the substantive session of the Council, at which he underscored that the Commission would continue to join voices with the Council to ensure that institutional and bilateral actors pay sufficient attention to generating early and sustainable socio-economic dividends as part of any long-term peacebuilding engagement in the countries emerging from conflict.

B. Country configurations

1. Burundi

26. The review of progress in the implementation of the Strategic Framework for Peacebuilding in Burundi: fifth progress report (PBC/5/BDI/3; fifth review) provided an opportunity for the Commission to renew its engagement with the Government and key stakeholders with respect to the peacebuilding agenda. The review resulted in the outcome document (PBC/5/BDI/2), which was adopted on 26 April and constituted the revised instrument of engagement between the Commission and the Government of Burundi. Taking into account the completion of the 2010 elections, the scope of the engagement was narrowed to the following tasks: (a) consolidation of the culture of democracy and dialogue; (b) good governance, human rights and the rule of law (fight against corruption, strengthening of the human rights instruments, transitional justice and reconciliation); (c) socio-economic reintegration of vulnerable groups; (d) the second poverty reduction strategy paper (peacebuilding issues, resource mobilization); and (e) regional integration. The engagement was also marked by close consultations with regard to the renewal allocation from the Peacebuilding Fund.

27. To provide more frequent opportunities to engage with Burundi, the Chair convenes an open-ended steering group of interested members on a regular basis. The steering group exchanges views with the United Nations Office in Burundi (BNUB) and is involved in the implementation of tasks at hand.

Political advocacy and support

28. The Chair of the configuration visited Burundi and the East African region from 14 to 22 February and from 31 October to 5 November to pursue engagement with the Government and national, regional and international stakeholders and to discuss further the Commission's priorities in the peacebuilding phase following the 2010 elections. Throughout the visits and meetings of the configuration, the Chair and members of the configuration highlighted the most recent progress achieved by Burundi as a way to advocate for further support and sustain the interest of the international community. Progress was made in a number of areas, including the following: (a) performance contracts that the President signs with members of his Government as a new tool to strengthen accountability; (b) the President's zero tolerance policy against corruption, together with the actions already taken to address cases of corruption and eradicate the culture of corruption; (c) the creation of the office and the appointment of the Ombudsman and the allocation of resources for the office's work; (d) the creation of the Independent National Human Rights Commission and the commitment for its substantial financing in 2012; and (e) the publication of the report of the national consultations on the establishment of transitional justice mechanisms and the report of the technical commission, including the first draft of the law establishing the truth and reconciliation committee.

29. The report on the fifth review, which was prepared under the leadership of the Government of Burundi, together with the visits and meetings of the configuration were used both to highlight progress and to point to remaining economic and political challenges that require the attention of the Government and the support of its partners. Those challenges include the significant political rifts in the country,

which manifest themselves through attacks against members of the opposition. The apparent unwillingness of the opposition to engage in solution-oriented political work also represents an obstacle to national dialogue. In addition, the need to combat poverty and create job opportunities, especially for the youth and the groups affected by the conflict, are equally viewed as key elements for creating sustainable stability and national cohesion.

Resource mobilization

30. **Poverty reduction strategy paper**. During the February visit to Bujumbura and later to the East African Community in Dar-es-Salaam, United Republic of Tanzania, it was suggested that the Chair would co-host a donor event once the second poverty reduction strategy paper had been completed. During the Chair's visit in November, the idea was discussed further, and the African Development Bank was identified as a potential co-sponsor of the donor conference. The donor event is expected to take place after the completion of the second poverty reduction strategy paper.

31. **Mobilization of private investment**. Following the request reiterated by the President of Burundi for assistance in attracting private investment, the Commission has continued to explore ways to respond to that request. One possible way, identified and discussed with the Government of Burundi during the visits of February and November, would be to organize a high-level event on private investment in 2012 after the donor conference. During the Chair's visit to AfDB in November (see para. 18), the Bank expressed interest in partnering with the Commission in organizing such an event during the second half of 2012. In other matters, the Chair was closely consulted in the preparation for the participation of Burundi in the investors' forum that took place on the margins of the fourth United Nations Conference on the Least Developed Countries, held in May 2011 in Istanbul, during which the Global Compact attracted a substantial number of potential private investors.

32. **Socio-economic reintegration**. Reflecting the prioritization in the revised instrument of engagement of the Commission, the Burundi Joint Steering Committee for peacebuilding identified reintegration as the single issue for a Peacebuilding Fund renewal tranche. The Fund provided $9.2 million out of the $24 million required to cover five priority provinces. During and following his visit in November, the Chair continued to advocate on behalf of the Commission with Burundi's partners to mobilize the additional funding required by the programme.

Fostering coherence

33. During his visit in February, the Chair attended the meeting of the Political Forum of the Partners Coordination Group, at which the participants discussed the fifth review. The Chair suggested that the recommendations of the fifth review could represent a peacebuilding pillar in the second poverty reduction strategy paper. It was then agreed that the Commission would use the reporting and review mechanisms of that paper to monitor and sustain attention on peacebuilding issues.

34. The Chair has also advocated for the use of the existing coordination mechanisms under the Partners Coordination Group, such as the Strategic Forum and the Political Forum, as key policy dialogue and coordination mechanisms

between the Government of Burundi and its partners to validate the second poverty reduction strategy paper at the country level.

35. At the meeting of the Council on 7 December, the Chair made a statement on the situation in Burundi, in which he informed the Council that reflection on transitioning Burundi out of the present form of engagement with the Commission had started.

36. Based on the outcome document of 26 April, the configuration, in coordination with the Government of Burundi, will focus on two priorities in the upcoming year. The first concerns the further implementation of the socio-economic reintegration proposal put forward by the Government and BNUB. It is the intention of the Chair to foster understanding of the selected approach and — together with the Government of Burundi — to advocate for addressing the resource gap of $14 million. The second priority concerns the implementation of the second poverty reduction strategy paper, which is expected to be finalized early in 2012. The Chair will propose to the Burundi configuration that it assist in organizing and possibly co-host a donor event in conjunction with a Consultative Group meeting expected to take place in the first half of the year. In addition, the review of the April 2011 outcome document (see para. 26) in spring 2012 will be an occasion to determine how the Commission can best continue to contribute to supporting Burundi's peacebuilding priorities.

2. Sierra Leone

37. During the reporting period, the Commission confirmed its engagement with Sierra Leone on the basis of the peacebuilding elements of the Agenda for Change of the Government of Sierra Leone, namely: good governance and the rule of law; youth employment; and combating drug trafficking, with gender and regional perspectives as cross-cutting issues (PBC/3/SLE/6). Subsequently, the configuration decided to focus its engagement in the area of governance on support for national actors to help them to prepare the country to hold free and fair elections, which are now scheduled for 17 November 2012 (PBC/4/SLE/3). The configuration has opted for a lighter form of engagement characterized by a smaller number of meetings with higher substantive and output-oriented content.

Political advocacy and support

38. The Sierra Leone configuration has remained a forum for discussing the major political and development issues, whose resolution is essential to the strengthening of the country's peace consolidation process. During the reporting period, the focus of the configuration was on the imperative for all national actors to work towards free, fair and peaceful elections that would affirm the legitimacy of the next government. The configuration has clearly conveyed to all relevant actors in Sierra Leone the keen interest of the international community in seeing the peacebuilding process in Sierra Leone succeed, including by overcoming the important test of the 2012 elections. In that regard, the Commission has consistently impressed upon the political parties the importance of inter-party dialogue and dialogue with the independent institutions mandated to prepare the elections, notably the National Electoral Commission, in order to bridge disagreements and clarify the rules of engagement well ahead of the elections. The message was conveyed in the clearest terms by a high-level delegation from the Commission when it visited Sierra Leone

in May 2011. The Peacebuilding Fund's renewal tranche, programmed in late 2010, has also reinforced the Commission's focus in this direction. The bulk of the allocation from the Fund has been invested in innovative programmes aimed at building the capacity of influential non-State actors, political parties, religious and traditional leaders, academia and civil society, to advocate for free, fair and peaceful elections and to prevent and resolve election-related violence that may emerge during the election process.

39. In March, the Commission hosted the All Political Parties Women's Association and provided an international platform for the Association to advocate for increasing women's participation in politics in leadership positions. Through that exposure, the Association has gained the support of the international community for its cause.

Resource mobilization

40. The engagement of the Commission has resulted in sustained and heightened international attention being devoted to Sierra Leone and has helped in coordinating donor support. Several donors have renewed or demonstrated their interest in Sierra Leone. The Commission has used all available opportunities to advocate for funding the United Nations Joint Vision. In January, the Commission provided its members with information on the financial needs to implement the Joint Vision. As a result, a number of members of the Commission have contributed financially, including Australia ($1,000,000), Canada ($500,000), Italy ($685,000) and the United States ($200,000). In addition, the midterm review of the United Nations Joint Vision found that the plan had raised the profile of the United Nations in Sierra Leone and helped agencies' bilateral fund-raising. Contributions indirectly derived from the success of the Commission in keeping the attention of the international community on Sierra Leone well after the end of the conflict remain difficult to assess. Sierra Leone has enjoyed a level of financial support above the average level of assistance to post-conflict countries.

41. To date, Sierra Leone has received nearly $45 million from the Peacebuilding Fund. At the end of 2010, a renewal tranche was allocated, followed in 2011 by an additional $1.7 million to follow up on activities identified by an independent evaluation. The objective of the investment by the Fund, consistent with the principle of national ownership, is to leave behind a stronger and better organized civil society that will contribute to the peaceful development of Sierra Leone well beyond the coming electoral cycle.

Fostering coherence

42. The Commission's engagement in Sierra Leone has been instrumental in fostering United Nations integration on the ground by supporting the integration of the political mandate of the United Nations Integrated Peacebuilding Office in Sierra Leone (UNIPSIL) with the development mandates of the United Nations agencies; strengthening the role of the Executive Representative of the Secretary-General; and endorsing United Nations Joint Vision.

43. With the alignment of its engagement with the Agenda for Change, the Commission has de facto elevated the Agenda, making it the central peace and development framework of the international community. The United Nations system, in particular the World Bank, the African Development Bank and other

international partners have organized their programmes in line with the Agenda and coordinated their activities to avoid any duplication.

44. Notably, with the political support provided by the Commission, the United Nations succeeded in providing integrated and coordinated support to the country through the Joint Vision. The Joint Vision reflects the intention of the funds, programmes and specialized agencies of the United Nations system to work together towards a set of key objectives in peace and security, humanitarian and development areas. The Joint Vision constitutes one of the most successful examples of a fully integrated and coordinated United Nations on the ground.

45. The Commission will work in close partnership with the Government of Sierra Leone, the National Electoral Commission, the Political Parties Registration Commission, the United Nations system and the rest of the international community to address emerging needs related to the electoral process and help to ensure free, fair, peaceful and, importantly, uncontested elections. Beyond that primary focus, the Commission will also continue to support and monitor progress with respect to youth employment and empowerment, drug trafficking and organized crime, and good governance and the rule of law. To that end, the Chair intends to visit Sierra Leone in January 2012, and the Commission will take stock of peace consolidation by considering the second annual joint progress report on the Agenda for Change in the first quarter of 2012. The Chair also plans to continue working closely with the other West African configurations of the Commission to develop a regional approach to drug trafficking and organized crime, particularly by travelling to Abuja in 2012 to explore closer cooperation with the Economic Community of West African States (ECOWAS) and supporting implementation of the West Africa Coast Initiative.

3. Guinea-Bissau

46. The Commission continued addressing key peacebuilding priorities, with particular focus on supporting government efforts aimed at the full implementation of security sector reform in Guinea-Bissau.

Political advocacy and support

47. The period under review was marked by continuous political stability in Guinea-Bissau. The current Government has been the most stable and longest lasting since 1997. On the economic side, the Government's achievements in terms of macroeconomic management, fiscal discipline and infrastructure development have induced an important virtuous circle in spite of the difficult global economic environment.

48. Conscious that stability is still fragile, however, the Commission engaged with the Government in a dialogue aimed at consolidating further the foundations for sustainable peace. The Guinea-Bissau configuration has encouraged the Government to adopt the necessary measures to launch a pension fund for the armed forces and security forces personnel aimed at accelerating the process of security sector reform. The Government demonstrated its commitment to that process by endorsing the joint Economic Community of West African States/Community of Portuguese-Speaking Countries (CPLP) road map on security sector reform in March, by creating a task force to oversee its implementation. Furthermore, the Government of Guinea-Bissau has established the Follow-up Committee of the Pension Fund,

revamped the security sector reform National Steering Committee, and drafted a tripartite memorandum of understanding for the implementation of the road map, which is being negotiated with CPLP and ECOWAS. The Government also deposited, on 2 September, a total of $200,000 as the first tranche of its initial contribution to the pension fund, and has indicated that it is considering depositing an additional contribution of $300,000 by the end of 2011.

49. The configuration has also addressed other peacebuilding priorities, such as combating drug trafficking and organized crime, and consolidating the rule of law. In that regard, and with a view to garnering further support and encouraging the adoption of a regional approach, the Guinea-Bissau, Guinea, Liberia and Sierra Leone configurations jointly convened a meeting to discuss the issue of transnational crime and drug trafficking, and their impact on peacebuilding in the four countries (see sect. II.C). It is also worth mentioning that the Government of Guinea-Bissau has made important progress in this area. A transnational crime unit, within the West Africa Coast Initiative, was set up in Bissau with the support of the United Nations Office on Drugs and Crime. The management board of the unit is headed by the Director of the Judiciary Police and has been meeting regularly. INTERPOL has set up an office in Bissau. Moreover, in June 2011 the Government adopted an operational plan to combat drug trafficking and is seeking to strengthen its bilateral cooperation with the United States of America to fight this scourge (extension of the United States Africa Command operations to Guinea-Bissau).

50. The Chair visited the country from 1 to 3 September 2011. She met with Carlos Gomes Júnior, Prime Minister of Guinea-Bissau, and with the Minister for Foreign Affairs; the Minister of Economy, Planning and Regional Integration; the Minister of Defence; and the Minister of Justice, as well as with the Minister of the Presidency of the Council of Ministers, Social Communication and Parliamentary Affairs. The Chair subsequently met with representatives of civil society, the diplomatic corps, the heads of United Nations agencies and with the press. The urgency of focusing on security sector reform was widely recognized by all interlocutors during the visit. To that end, the launching of a pension fund for the armed forces and security forces personnel to be demobilized is regarded as a crucial step that will enable the reform to proceed. During her visit, the Chair felt that the Government of Guinea-Bissau was fully committed to the reform and that there is political will to move forward on it.

51. To mobilize support for the launching of the pension fund, the Government of Guinea-Bissau requested the assistance of the Commission in organizing a high-level event on security sector reform. Upon the Chair's return from her visit to Guinea-Bissau, she convened a meeting of the configuration on 9 September to share the findings of her trip and to discuss the way forward with the members of the configuration. During the discussions at the meeting, it was felt that the Commission could contribute to the preparation of the high-level event by presenting some elements for the Government's consideration. The configuration then prepared a list of relevant elements. During a meeting of the configuration on 4 November, the Minister for Economy, Planning and Regional Integration of Guinea-Bissau, Maria Helena Nosolini Embaló, made a presentation sharing the responses to the list of elements with the members of the configuration.

52. Despite the difficult global environment and the internal political challenges, international financial institutions have acknowledged the Government's progress in

financial and economic reforms. In that regard, at the meeting of the configuration on 4 November, a representative of the International Monetary Fund (IMF) highlighted the progress made so far by the Government in terms of macroeconomic management, especially regarding fiscal revenue collection. The IMF representative argued that, thanks to an exceptional cashew-nut harvest combined with enhanced fiscal discipline, the Government was able, for the very first time, to cover its own public expenditure (current spending). Any future financial contribution, therefore, would directly translate into developmental and investment support.

Resource mobilization

53. During the reporting period, the configuration's resource mobilization efforts focused on fast-tracking crucial parts of the security sector reform, notably the launching of the pension fund for armed forces and security forces personnel.

54. On 28 June 2011, the Secretary-General allocated up to $16.8 million from the Peacebuilding Fund to the implementation of the peacebuilding priority plan. Subsequently, the Peacebuilding Joint Steering Committee approved all four draft projects jointly designed by the Government and the United Nations country team to implement the plan. The projects focus on supporting security sector reform, promoting job creation as a peace dividend for youth and women, and boosting political dialogue and national reconciliation.

55. In an effort to work towards achieving the Millennium Development Goals, on 5 July the Government of Guinea-Bissau finalized and endorsed the second poverty reduction strategy paper, which covers the period 2011-2015. The Government intends to organize a donor round table in the first quarter of 2012, with the financial support of the African Development Bank.

Fostering coherence

56. The Guinea-Bissau configuration, which includes all key stakeholders, pursued a dynamic and concrete dialogue among ECOWAS, CPLP, the European Union and the United Nations country team, with a view to promoting conceptual and programmatic alignment.

57. Looking ahead, the configuration is engaged in preparations for a high-level event on security sector reform in Guinea-Bissau. The meeting is expected to be held in New York in early 2012. The configuration may also consider, upon request, assisting the Government in organizing a donor round table aimed at facilitating resource mobilization to fund the second poverty reduction strategy paper.

4. Central African Republic

58. The reporting period was marked by three important events in the Central African Republic and its engagement with the Commission: (a) the holding of presidential and legislative elections in January, March and September 2011; (b) the Brussels partners' round table in June 2011; and (c) the finalization of the second review of the Strategic Framework for Peacebuilding in the Central African Republic and the adoption of its conclusions and recommendations in November 2011. The engagement of the Commission was further marked by a number of visits and activities undertaken by the configuration and its Chair, including the Commission's field mission in October 2011, which was joined by the management

of the Peacebuilding Fund to ensure continuous improvement of the Fund's synergy with the Commission's priorities of engagement.

Political advocacy and support

59. The field visits of the Chair and the configuration remain an important tool for maintaining the dialogue with national counterparts, including civil society, and the Joint Steering Committee for the Peacebuilding Fund. The visits also provide an opportunity to interact with representatives of the international community based in the country in an effort to strengthen coordination among all actors.

60. Shortly after its field visit, the configuration adopted, on 16 November 2011, the conclusions and recommendations of the second review of the Strategic Framework for Peacebuilding in the Central African Republic (PBC/5/CAF/3). In addition to assessing overall progress in the peacebuilding process as well as the progress in the implementation of commitments made by Government, civil society and the Commission, the review provides a set of conclusions and recommendations for the way forward, addressed to the various stakeholders in the country's peacebuilding process. The current Strategic Framework for Peacebuilding (PBC/3/CAF/7) in the Central African Republic expires at the end of 2011; consequently, the configuration has initiated a process to define its future engagement in the country, firmly based on the second poverty reduction strategy paper, in accordance with the wish of the Government.

61. In the second half of 2010, the Commission focused much of its attention on the country's electoral process, and sustained its political accompaniment, albeit in a politically sensitive context. The first round of presidential and legislative elections was held on 23 January 2011, followed by a second round of the legislative elections on 27 March. A third round was organized in September following the ruling of the Constitutional Court on the appeals.

62. After the conclusion of the electoral process, the Commission turned its attention to accompanying the national authorities in the final stages of the preparation of the country's second poverty reduction strategy paper. The Commission's efforts focused on ensuring that the paper could provide a sound basis for the future engagement of the Commission with the country, by making sure the paper incorporated the Commission's priorities for peacebuilding and had an overall peacebuilding-sensitive approach. At the partners' round table in Brussels, international partners provided positive feedback on the final draft presented, and stressed the importance of further prioritizing the multiplicity of goals it contained.

63. In the second half of 2011, the Commission also focused on other ongoing processes in the Central African Republic, in particular the issue of the narrowed political space in the country, the continued absence of a national security sector reform strategy, and the lack of a fully developed and funded reintegration component for the disarmament, demobilization and reintegration programme. The Commission also addressed the status of the development hub project led by the European Union.

64. In his analysis of peacebuilding challenges in the Central African Republic, which he periodically shared with the Security Council, the Chair stressed the aforementioned issues as well as the importance of the regional dimension of the situation in the country and the impact of regional dynamics on the country.

Resource mobilization

65. From 16 to 17 June 2011, the Government of Belgium hosted a partners' round table for the Central African Republic in Brussels. The event, organized by the Government of the Central African Republic with the assistance of the Peacebuilding Support Office, UNDP, AfDB and the World Bank, afforded the opportunity to the Government to present an advanced draft of its second poverty reduction paper.

66. The partners' round table, held in Brussels in June, was the highlight of the Commission's resource mobilization efforts for 2011. Its success lay in the number (over 160) and diversity of participants in the event, ranging from Governments, regional and subregional organizations and international financial institutions to international non-governmental and intergovernmental organizations, including the United Nations. The advocacy and sensitization work of the Commission, and particularly of the Chair of the configuration in the months leading up to the holding of the event, were critical in bringing to the table a wide range of existing and potential donors and partners.

67. Owing to the focus early in the year on the electoral process in the country, and in the light of the funding shortfall for that process, through targeted resource mobilization, the Commission and other partners were able to fill the $7.5 million funding gap.

68. Building on measures taken by the Government in June to advance the disarmament, demobilization and reintegration of ex-combatants, the United Nations Integrated Peacebuilding Office in the Central African Republic (BINUCA) prepared in November a proposal for the Immediate Response Facility of the Peacebuilding Fund to further support the process. The proposal aims to build capacity within the Disarmament, Demobilization and Reintegration Steering Committee, and offer a quick start for reinsertion activities for ex-combatants.

69. The Chair and the Commission maintained a sustained engagement with the International Monetary Fund and the World Bank, following up on the high-level event co-organized in 2010 on the margins of the United Nations summit on the Millennium Development Goals.

70. As a result of his outreach activities, the Chair facilitated the donation of 300 mosquito nets from Sumitomo Chemical to the Ngaraba central prison in Bangui. The remaining nets were installed in the women's prison of Bangui.

Fostering coherence

71. The Central African Republic configuration pursued its efforts to bring together all relevant partners in support of the country. The results of those efforts were visible at the Brussels partners' round table in June, which was attended by a substantial number and variety of partners (see para. 66).

72. The Chair also continued his regular contacts within the United Nations system, including with the Special Representative of the Secretary-General for Children in Armed Conflict, the Special Representative of the Secretary-General on Sexual Violence in Conflict and the Under-Secretary-General of the Department of Field Support, aimed at raising their awareness of the situation in the Central African Republic, and advocating that it be considered a priority country within

their respective mandates relating to the protection of children in armed conflict, sexual violence in conflict and civilian capacity. He also brought together the Civilian Capacities Team of the Department of Field Support, the Permanent Representative of the Central African Republic to the United Nations, the Special Representative of the Secretary-General for the Central African Republic and the Peacebuilding Support Office to discuss capacity-building activities in the country.

73. The Chair introduced the practice of participating at the directors' level in select meetings of the Integrated Task Force for the Central African Republic, including two such meetings relating to his visits to the country, which afforded the opportunity to coordinate messages between the visiting delegation and the United Nations presence at the country level. The practice proved to be particularly useful in allowing coordination between actors in the field and at Headquarters.

74. The existing Strategic Framework for Peacebuilding in the Central African Republic expires at the end of 2011. A new instrument for the Commission's engagement is expected to be adopted early in 2012 to support the peacebuilding priorities of the country's second poverty reduction strategy paper. In the interim, the Commission will focus on the following: (a) supporting the successful completion of the disarmament, demobilization and reintegration process, in particular through resource mobilization for the reintegration strategy; (b) supporting the Government's efforts to mobilize support for its second poverty reduction strategy paper, in follow-up to the partners' round table; and (c) supporting capacity-building efforts, with a special focus on reconciliation and mediation structures at the local level and governance in the natural resources sector.

5. Liberia

75. In its first year of engagement with Liberia, the Commission drew on a range of expertise to become conversant with the conflict, history and culture of the country as well as the technical aspects of the three peacebuilding priorities: rule of law, security sector reform and national reconciliation. Those insights, in addition to three missions undertaken by the Chair and one by the configuration, including visits to outlying counties, enabled the Commission to form independent recommendations on peacebuilding challenges in Liberia. The configuration was also closely engaged in the preparation of an expanded priority plan for peacebuilding in Liberia totalling $80 million for three years, for which the Peacebuilding Fund has allocated a catalytic contribution of $20 million (see para. 78).

Political advocacy and support

76. With a voice that has cohered with the international community, the Commission substantively engaged and credibly advocated with senior government officials on sensitive but essential challenges to peacebuilding. Crucial among those interactions have been repeated meetings with the Chief Justice, in which the Commission stressed the necessity of accountability and oversight. With legislators, including the Speaker of the House of Representatives, the Commission underlined the need for priority attention to critical pieces of pending legislation (omnibus security act and jury law) and the importance of parliamentary civilian oversight of

armed security forces. A key success was the President's agreement for a national strategy to be developed on national reconciliation.

77. In its relationship with the Security Council, the Commission has focused its analysis on the transition of security responsibilities from the United Nations Peacekeeping Mission in Liberia (UNMIL) to the Government. The Commission reported on specific activities on the ground, in particular the establishment of the first justice and security regional hubs with funding from the Peacebuilding Fund. The Commission has also taken the opportunity to call attention to the importance of national reconciliation alongside the rebuilding of State institutions and the necessity to review current approaches to the funding of justice and security institutions.

Resource mobilization

78. The active engagement of the Commission in the preparation of the expanded Liberia peacebuilding programme and its alignment with the statement of mutual commitments on peacebuilding in Liberia has further advanced the synergy between the Commission and the Peacebuilding Fund. The creation of an expanded plan highlighted the catalytic nature of the Fund's contribution ($20 million out of a targeted $80 million; see para. 75), and provided a clear entry point for the configuration to engage in the discussion about priorities, since it was positioned to advocate for additional fundraising.

79. The Commission continues its dialogue with all significant actors in Liberia, including Australia, Norway, the United States and the European Union. A resource mobilization strategy and a workplan are being finalized to facilitate a targeted approach by the Chair and members of the configuration. The Commission will be guided by national ownership, sustainability and the promotion of South-South cooperation.

Fostering coherence

80. One of the main achievements during the reporting period was the full alignment of peacebuilding instruments with core country strategies. The statement of mutual commitments was translated into the Liberia peacebuilding programme, which comprises projects and activities that correspond to all of the Government's commitments in the statement. The programme and the statement drew on and were informed by the poverty reduction strategy for Liberia as well as strategic plans in the areas of security and justice.[2] The work undertaken for the programme is being incorporated into the ongoing planning for the revision of the poverty reduction strategy paper, vision 2030: Liberia rising.

81. While the preparation of the Liberia peacebuilding programme was arduous, the process was inclusive and participatory, enabling improved coherence and coordination among key actors, including the following:

(a) **Government officials**. At the ministerial and technical levels across the executive, legislative and judicial branches of Government, government officials played leading roles in the preparation of the programme through a two-tiered

[2] Including the following: the national security strategy, and the strategic plans of the Liberian National Police, the Bureau of Immigration and Naturalization, the Ministry of Justice, the judiciary and the Bureau of Corrections and Rehabilitation.

government coordination structure. The first tier is the Joint Steering Committee, which oversees the second tier comprising two technical advisory groups. The Minister of Finance is equally engaged, allowing for project planning to factor into national budgetary considerations;

(b) **National and international stakeholders**. National civil society, donors, the funds, programmes and specialized agencies of the United Nations system, and international non-governmental organizations contributed to the content of the programme through their participation in the Joint Steering Committee and/or in the technical advisory groups;

(c) **Traditional donors**. Under the leadership of Sweden, a justice and security donor coordination group has been created to ensure that the programme is synchronized with ongoing support in the justice and security sectors. This forum, together with the prioritization of activities in the programme, is also leading to a more focused and complementary channel of support to the Liberian National Police, the Bureau of Immigration and Naturalization, and corrections and justice officials;

(d) **The Commission**. The Commission contributed by reviewing drafts and sharing views with the Joint Steering Committee and the technical advisory groups in meetings via video link. Such meetings, as well as three missions to Liberia and other meetings with key actors in New York, were instrumental in building linkages between the Commission in New York and stakeholders in the field.

82. The focus in the upcoming year will be on the results of the first review of the statement of mutual commitments, which should be finalized in the first part of 2012. As one of the three priorities (see para. 75), security sector reform is a core aspect of this review. With full appreciation for the Security Council's focus on the UNMIL transition this year, the configuration will be closely monitoring related commitments and projects. The security and justice regional hubs are central to this engagement, and a visit to Liberia by a delegation of the configuration is tentatively planned for April 2012, to coincide with the opening of the first hub. The configuration will continue to advise on the development of a national reconciliation strategy as agreed with the President of Liberia. Resource mobilization will also be at the forefront of the configuration's efforts.

6. Guinea

83. At the request of the Government of Guinea, which identified the three peacebuilding priorities of the promotion of national reconciliation and unity, security and defence sector reform, and the youth and women's employment policy, the Organizational Committee decided on 23 February to place Guinea on its agenda. The Committee elected Sylvie Lucas, the Permanent Representative of Luxembourg to the United Nations, Chair of the Guinea configuration. The Chair led the initial mission to Guinea from 3 to 10 April 2011. In May, the Peacebuilding Support Office led a joint United Nations technical mission, introducing the Peacebuilding Fund and examining how it could be used to support the Commission's engagement. On 23 June 2011, following those missions, an initial draft of the statement of mutual commitments was shared with the Government of Guinea and with the members of the Guinea configuration. The Chair conducted a second mission to Guinea from 4 to 6 September, during which she held discussions with the Government and other key actors to finalize the statement. The statement was adopted at a formal meeting of the configuration on 23 September with President Alpha Condé in attendance.

Political advocacy and support

84. During the visits and meetings of the configuration, the Chair and members of the configuration highlighted the inauguration of the first democratically elected President as the beginning of a new era for the country and a great incentive for renewed cooperation with the international community. The April visit validated the three peacebuilding priority areas for the Commission's engagement with Guinea and pointed to other processes relevant to the peacebuilding agenda, namely the legislative elections and the poverty reduction strategy paper process. In a subsequent meeting focused on the security sector reform process, on 13 June, the Chair mobilized additional attention for the key issues related to that process and provided a platform which was used by partners to further discuss those issues with the Government. That advocacy has produced initial results, including consistent support by the Peacebuilding Fund in the form of a number of quick impact projects which have been approved by the Joint Steering Committee of the Fund in Guinea.

85. The Chair's second visit to Conakry from 4 to 6 September drew further attention to the need for an inclusive dialogue on the challenges the country is facing, including the organization of the legislative elections. The meeting of the configuration on 23 September, in which President Condé was an active participant, provided additional momentum for the international community to engage the Government on those issues. The recent meeting between the President and the leaders of all the major parties is seen as an important step towards a more institutionalized dialogue and, it is hoped, a consensus in relation to outstanding technical and political issues regarding the organization of the legislative elections.

Resource mobilization

86. Although the Commission is in its first year of engagement with Guinea, important steps have been taken, aimed at mobilizing resources for peacebuilding activities and establishing synergies with other regional and international actors. The Chair of the configuration has thus initiated contacts with the World Bank, IMF and, most recently, AfDB.

87. The second peacebuilding priority plan, which was adopted in November by the Joint Steering Committee co-chaired by the Prime Minister of Guinea and the Resident Coordinator of the United Nations in Conakry, is closely aligned with the priorities identified in the statement of mutual commitments. That synergy has created the potential for additional resources that could be mobilized to complement the Peacebuilding Fund. The first results in this respect, pertaining in particular to projects in the area of security sector reform and national reconciliation, have been achieved. The informal meeting of the configuration of 21 November, with discussions on elections, security sector reform and national reconciliation, as well as the annual stakeholders meeting of the Peacebuilding Fund of 22 November, enhanced the visibility of the peacebuilding agenda in Guinea and reinforced the momentum for marshalling possible additional resources.

Fostering coherence

88. The process of developing the statement of mutual commitments has resulted in a common agenda in relation to the three peacebuilding areas. Meetings on 13 June, 6 July and 21 November, as well as a recent United Nations mission on security

sector reform, also contributed to improving policy and programmatic coherence among the key stakeholders.

89. To make progress on the implementation of the mutual commitments for peacebuilding in Guinea, a number of important steps need to be taken, including the further strengthening of the peacebuilding architecture on the ground and the relationship of the Commission with the Group of Friends of Guinea. In addition, it is necessary to enhance the working relationship between the Chairperson/the configuration, the Peacebuilding Support Office and other entities and departments of the United Nations system in New York and on the ground, notably UNDP, the Department of Political Affairs, and the Department of Peacekeeping Operations.

C. Cross-configuration work

90. In an effort to respond to one of the key recommendations of the 2010 review concerning the need for the Commission to pay due attention to the regional dimension of peacebuilding, the West African configurations of the Commission, namely Guinea, Guinea-Bissau, Liberia and Sierra Leone, decided to join forces in addressing the issue of transnational crime and drug trafficking which puts peace at risk in all four countries. The joint effort reflected the recognition that the transnational nature of the drug trafficking phenomenon required a regional approach.

91. Thus on 6 July, the four West African configurations convened a joint meeting to discuss the issue of transnational crime and drug trafficking, and their impact on peacebuilding in the four countries. The ensuing discussion underlined the need to tackle the challenges of drug trafficking and organized crime in a holistic manner, through an approach that is rooted in the principle of common and shared responsibility, involving all major actors across continents. It was emphasized that inaction in the face of efforts by drug traffickers risks reversing ongoing peacebuilding and State-building efforts in the four countries. The Executive Director of the United Nations Office on Drugs and Crime, the Special Representative of the Secretary-General for West Africa, other senior officials of the United Nations system and INTERPOL officials participated in the meeting. It concluded with a call on the Commission to collaborate more closely with the ECOWAS Commission in support of the implementation of the ECOWAS plan of action to tackle crime and drug-related issues, and to lend its support to existing international initiatives, including the joint United Nations-INTERPOL West Africa Coast Initiative. As a follow-up, one of the Chairs of the West African configurations will eventually visit the ECOWAS Commission in Abuja and engage in discussions on how the Commission could concretely support ECOWAS in fully implementing its regional plan of action.

D. Working Group on Lessons Learned

92. During the reporting period, the Working Group on Lessons Learned held four meetings on the following themes: (a) resource mobilization for peacebuilding priorities and improved coordination among relevant actors; (b) economic revitalization and youth employment for peacebuilding (with a focus on youth employment and natural resource management); (c) security sector reform and rule of law for peacebuilding; and (d) transition of the Peacebuilding Commission's

forms and instruments of engagement and the partnership between the Peacebuilding Commission and the Security Council.

93. The Chair compiled initial findings on each of the topics which the Working Group addressed during the reporting period. While details can be viewed in the reports (see http://www.un.org/en/peacebuilding/doc_lessonslearned.shtml), examples of lessons learned emanating from the four meetings held during that period include the following:

(a) **Resource mobilization for peacebuilding priorities and improved coordination among relevant actors**. The discussion on this topic highlighted that the Commission's role is to help to overcome the fragmentation of international development efforts and use its political weight to bring the Government's and the development partners' priorities in line. It also underlined the need for the Commission to engage in discussions aimed at devising mechanisms for flexible, predictable, rapid-response financing, and to encourage improved field-level coordination with international and regional financial institutions, such as the World Bank and the African Development Bank. Given its advisory and political nature, the Commission should focus on facilitating and supporting the integration of all United Nations peacebuilding activities and collaboration between United Nations and non-United Nations actors in the field.

(b) **Economic revitalization and youth employment for peacebuilding**. The discussion on this topic underscored that the Commission should contribute to policy development by mobilizing assistance from the international community. Their help would enable the Government to develop appropriate strategies for economic revitalization and youth employment, and facilitate coordination among and the engagement of relevant stakeholders (such as the World Bank and AfDB) to assist with employment policies and programming. The Commission was encouraged to initiate discussions in the country configurations on the management of natural resources, so as to explore both the linkage between extractive sectors to employment generation in countries on its agenda and regional approaches in capacity-building for proper management of natural resources, including through South-South cooperation.

(c) **Security sector reform and rule of law for peacebuilding**. The meeting on this theme stressed the need for the Commission to place more emphasis on addressing obstacles in ensuring coherence of security sector reform and rule-of-law efforts in the field and on the importance of civilian oversight; support national actors to help to clarify short-, medium- and long-term goals of security sector reform and rule-of-law development processes; emphasize ownership in the context of security sector reform and rule-of-law planning and assistance; identify evaluation schemes and indicators to evaluate the performance of relevant actors; and facilitate information sharing at a subregional level.

(d) (i) **Transition of the Commission's forms and instruments of engagement**. The meeting highlighted the lessons learned from the evolving engagement of the Commission with the countries on its agenda, drawing on the particular experiences of Burundi and Sierra Leone, as the two initial countries for which the Commission's engagement was sought in 2006. The discussion also addressed the possible transition to a lighter form of engagement with countries on the agenda, as needed and agreed to by the country concerned.

(ii) **Partnership between the Commission and the Security Council**. The meeting addressed ideas aimed at strengthening this partnership, including through the Commission's effort to improve its advisory role and the provision of timely and qualitative analysis. Suggestions included ways for creating more frequent and informal opportunities to exchange views between the two bodies, as well as the important role of countries with memberships on both the Commission and the Council. Specific areas relating to ways in which the partnership could be strengthened were also identified, including in the context of transition from United Nations peacekeeping to peacebuilding missions.

94. The selection of the above-mentioned topics marks a continuation of the efforts of the Working Group to focus on thematic areas of particular relevance to the peacebuilding process in the countries on the Commission's agenda. Moreover, the Chair introduced a new method of producing initial findings from each of the meetings of the Working Group, which are disseminated separately to a wider audience and presented for discussion by the Organizational Committee, as the primary forum for policy development on working modalities and mandate implementation.

95. The Working Group's potential to contribute to the work of country configurations and, more broadly, the normative development of the United Nations peacebuilding agenda, will also benefit from initiating discussions at the country level, where the lessons could be directly drawn from or disseminated to the concerned national and international actors.

III. Taking forward relevant recommendations of the 2010 review of the United Nations peacebuilding architecture

96. The two overarching recommendations of the 2010 review were for the Commission to enhance its impact in the field and strengthen its relations with key actors at Headquarters. To that end, the road map for actions in 2011 focused on those priorities. The reporting period witnessed the initiation of critical activities that will place the Commission on the path towards strengthening its impact and demonstrating its value added, both in the field and as a policy platform for the normative development of the peacebuilding discourse in the United Nations and beyond. In that regard, while the Organizational Committee has played the main role of facilitating policy-level and thematic discussions in relation to the priorities identified in the road map, the implementation process involved the combined efforts of the Committee, the country configurations and the Working Group on Lessons Learned, as well as multiple multilateral and bilateral actors.

Aligning actors around common peacebuilding objectives

97. The Commission placed particular emphasis on strengthening its relationships with key United Nations operational entities. As such, more regular and diversified interactions have been initiated at Headquarters and in the field. In addition to the dialogue with leaders of United Nations missions and country teams during field visits undertaken by the Chairs and members of the country configurations, the Chairs were invited to meetings with the integrated (mission) task forces in New York. At the same time, dialogue between the Chairs of the configurations and the Senior Peacebuilding Group has been initiated. Such meetings will promote shared

analysis and collaboration in priority areas of common interest, in particular, lesson learning and advocacy for good peacebuilding practices, resource mobilization and national capacity development.

98. Recognizing the significant role that international financial institutions and regional development banks play in peacebuilding at the country level, the Commission focused on strengthening partnerships with those actors. The release of the *World Development Report 2011* (see para. 12) provided an important opening for exploring greater alignment and complementarity between the World Bank and other United Nations entities in post-conflict settings, in particular in the countries on the Commission's agenda. The hosting of the initial dialogue with the Bank on the implications of the *Report* for the United Nations system and the initiation of partnership with the African Development Bank represent important steps in the right direction.

99. Going forward, the dialogue with the World Bank, its Board of Directors and other operational actors of the United Nations system will seek to place additional focus on encouraging the practical alignment of their support for peacebuilding in the field. The Commission will continue to work with the World Bank, other operational actors of the United Nations system and their government counterparts to strengthen the partnership and the alignment of activities in the countries on its agenda, especially as those activities relate to needs assessment and poverty reduction strategies. The Commission will further explore the possibility of complementary programming between the United Nations system, in particular the World Bank, and other national and international actors where issues of security, justice and development intersect by linking the operationalization of relevant recommendations of the *Report* to that of relevant recommendations from the review of civilian capacity (see para. 9).

100. Similarly, the partnership with AfDB has the potential of enhancing complementarity and coherence among actors in the countries on the agenda. Practical actions in relation to the initially identified areas of cooperation as reflected in the minutes of consultations of the recent visit by the Chairs' Group to Tunis in November will be vigorously pursued. Furthermore, the Commission and AfDB will explore means to support the sharing of experience and expertise between countries emerging from conflict in Africa and a possible partnership between AfDB and the Peacebuilding Fund for complementarity and catalytic activities in countries on the Commission's agenda. The Commission will need to explore the relationship with the evolving Group of Seven Plus (g7+) conflict-affected States in the light of the outcome of the Fourth High Level Forum on Aid Effectiveness, held in Busan, Republic of Korea, in November and December 2011. Such an effort could further help to develop a broader understanding on a common approach in support for mutual accountability frameworks, national ownership and improved aid effectiveness for peacebuilding.

Adoption of flexible and adaptable instruments of engagement

101. The 2010 review found that there were "clear advantages to a single overarching planning document" containing "well-defined peacebuilding elements". Beginning with Liberia in November 2010 and continuing with Guinea in February 2011, the Commission adopted the statement of mutual commitments as the new instrument of engagement for countries to be placed on its agenda. The new

instrument recognizes the need to build closely on existing national frameworks and to pursue mutual accountability for progress between the Commission and the countries on its agenda. A workshop co-organized by the International Peace Institute and the Peacebuilding Support Office for the Commission to assess lessons emerging from the statements and earlier strategic frameworks as well as existing national planning tools, most notably poverty reduction strategy papers, confirmed the need for the Commission to promote poverty reduction strategy papers that more adequately reflect peacebuilding and State-building priorities.

102. Looking ahead, the Commission would also need to develop an understanding of when and why a country would wish to transition to a different form of engagement and how the Commission would be able to support a wider range of countries. The discussion and priority issues should be further elaborated through a process of dialogue with the Security Council in 2012.

Focus on national capacity development

103. As described earlier, initial dialogue has been initiated with UNDP and the Department of Field Support in order for the Commission to develop a better understanding of and monitor the evolving United Nations system-wide approach to national capacity-building in post-conflict settings, taking into account the opportunity offered by the recent review of civilian capacity in the aftermath of conflict (see para. 26). The Commission recognizes the complexity of transforming a system-wide approach in order to respond in a timely and efficient manner to the specific peacebuilding priorities of countries emerging from conflict. Therefore, the Commission needs to continue to be closely engaged in the relevant aspects of the implementation of the civilian capacity review and the development of the evolving guidance on national capacity development under the auspices of UNDP.

104. In parallel to the preceding long-term efforts, the Commission has embarked on extending the frontiers of capacity-building by exploring, helping to disseminate and facilitating cross-learning between countries which have undergone peacebuilding and reconstruction processes and the countries on its agenda. The Kigali high-level meeting on post-conflict peacebuilding: the experience of Rwanda (see paras. 14-17) represented an initial effort in partnering with AfDB to that end. The Commission will continue to strengthen efforts to support national ownership and capacity development, focusing on identifying opportunities to promote South-South cooperation for peacebuilding.

Practical approaches to resource mobilization

105. The Commission has continued to explore a variety of ways to mobilize resources for the countries on its agenda, including through co-sponsoring the organization of donor round tables. The subsections in section II of the present report, which deal with specific countries, provide an account of those efforts. The prevailing global financial and economic crisis will continue to place significant limitations on aid flow for the countries on its agenda. There is recognition that resource mobilization by the Commission will increasingly find expression in its advocacy work for more risk-tolerant financial policies and assistance to the countries on its agenda to prioritize within its peacebuilding objectives and in the promotion of coherence among key bilateral and multilateral actors to maximize the use of existing resources. The Commission, therefore, should continue to identify lessons from its bilateral and multilateral partnership efforts and work alongside the

other entities of the United Nations system and multilateral development banks to identify resource mobilization opportunities and entry points.

106. In addition, synergies with the Peacebuilding Fund are expanding. The expanded priority plan in Liberia (see paras. 75 and 78) represents an innovation that other countries could follow. The expanded plan ensures that the convening of national and international stakeholders (through the Joint Steering Committee) will have an impact on the question of prioritization beyond the scope of activities that could be funded by the Fund. At the same time, the plan benefits from the knowledge that the Fund's catalytic resources are available to kick-start activities and provides a clear road map for additional resource mobilization for agreed priorities. In Guinea, Fund programming has been aligned to the statement of mutual commitments — in particular concerning security sector reform. In Guinea-Bissau, Peacebuilding Fund support for the Pension Fund responds directly to a high priority for the configuration, witnessed by the Fund's detailed engagement in this area.

IV. Conclusion

107. The reporting period, which also coincided with the first year in the implementation of the relevant recommendations emanating from the 2010 review, has witnessed a number of policy processes which need to be taken forward and further consolidated in 2012. The Commission should aim at building on such country- and Headquarters-level processes, ensuring that it retains its focus on strengthening the impact of its work in the countries on its agenda, and at continuing to pursue its efforts to build its credibility as the central intergovernmental advisory platform for championing and developing peacebuilding knowledge and practices. To that end, a new road map will be developed in 2012 to help to focus the Commission on priority actions and results. The road map should include actions aimed at enabling each country configuration to spell out its expected deliverables in the countries on the agenda, drawing on relevant country-specific indicators and mutual commitments, and to indicate how it intends to measure its achievements. In that connection, the Commission intends to place additional emphasis on measuring its impact in the field.

108. While pursuing actions focused on producing results for the countries on its agenda, the Commission needs to strengthen further its relationship with key actors at Headquarters. The progress made in deepening and diversifying the relationship with key United Nations organs and operational entities represents an important step in this direction. During the reporting period, the institutional linkage with the General Assembly has been expressed through the Chairperson's briefing to the Special Committee on Peacekeeping Operations (see para. 23) which has become an annual informal occasion designed to provide the Commission's contribution to the Committee's consideration of the section on the linkage between peacekeeping and peacebuilding in its annual report. The linkage with the Economic and Social Council is expressed through the annual informal briefing by the Chairperson at its substantive session under a standing agenda item (African countries emerging from conflict), or through a jointly organized thematic discussion of mutual interest. The linkage with the Security Council (see para. 24) has also progressed through the continuing regularization of country-specific formal briefings and the evolution of informal interactive dialogue on a case-by-case basis and as needed. However, despite the ongoing progress, the Commission still expects more active reflection of

the increasing importance of post-conflict peacebuilding across the United Nations system, but, more importantly, in the work of the principal organs.

109. In the particular case of the Security Council, the Commission recognizes that there are areas requiring additional effort from its side to bring added value to the Council's consideration of countries on the agenda. Those efforts include: (a) striving to address the fragmented response by security and development actors in the field and advising the Council upon its request; (b) considering ways to advise the Council, upon its request and in coordination with relevant United Nations missions and national stakeholders, on peacebuilding-related aspects in the mandates of the missions; and (c) focusing on providing high-quality analysis of specific problems in the area of peacebuilding and on suggesting options to address them. Progress in these areas needs to result, in turn, in a more regular drawing on the Commission's advice in the Council's consideration of relevant country situations and thematic discussions.

110. Increased appreciation of the potential role that the Commission can play to promote renewed commitment by the international community to countries emerging from conflict will generate increased expectations. In that regard, the Commission will continue to look towards the Peacebuilding Support Office for high-quality support to the country configurations. Through better use of its own resources and by drawing on expertise from within and outside the United Nations, the Office is expected to provide analyses and assessments that would help the Commission to manage the various phases in its engagement with the countries on its agenda. Whether through assistance in the development of the instruments of engagement, assessment of progress towards commitments made therein, or the unblocking of obstacles and identification of opportunities for resource mobilization, the Office's role will continue to be crucial for the Commission's efficient functioning.

111. Greater synergies will be sought between Peacebuilding Fund investments and peacebuilding priorities supported by the Commission. They will be pursued through consultations between the country configurations and the Fund during the development of the instruments of engagement and the priority plans of the Fund.

112. Aside from the outreach activities undertaken by the Commission and the Chairs of the country configurations, the reporting period has witnessed little progress in relation to the development of a communications strategy that could help the Commission to communicate its work and objectives to a broader audience at the country level and globally. The launching of a new website of the Commission and the connection with media and social networks represent important steps resulting from the Peacebuilding Support Office's establishment of a dedicated communications capacity. As part of its dedicated support to the Commission, it is expected that the Office will develop a full-fledged communications strategy for the Commission.

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Proposals for a more effective and efficient utilization of resources for air travel

Report of the Secretary-General

Summary

The present report is submitted in accordance with section IV of General Assembly resolution 65/268 on standards of accommodation for air travel, in which the Assembly requested the Secretary-General to report to it at the first part of its resumed sixty-sixth session on the implementation of the resolution, including the measures set out in the annex to the resolution and on practical steps taken to enhance the effective and efficient utilization of resources for air travel in the United Nations. In the report, the Secretary-General provides information on measures for the effective and efficient utilization of resources for air travel in the United Nations.

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I. Introduction

1. United Nations standards of accommodation for air travel are governed by a series of General Assembly resolutions and decisions, including resolutions 42/214, 45/248 A, 53/214[1] and 65/268 and decisions 40/555, 44/442, 46/450 and 57/589. Circumstances and conditions under which the United Nations shall pay travel expenses to staff members are also set out in chapter VII of the Staff Regulations of the United Nations and provisional Staff Rules, issued on 21 October 2009 (ST/SGB/2009/7).

2. The present report deals with issues related to provisions that govern the travel of officials of the United Nations. Section II provides recommended reform measures related to the standards of accommodation for air travel of officials of the United Nations. Section III relates to coordination on air travel matters across the United Nations system, section IV to the use of frequent flyer miles for official travel, section V to tracking of costs associated with commercial air travel in the Secretariat, section VI to the implementation of the travel module of the enterprise resource planning project, Umoja, and section VII to the delegation of authority to grant exceptions to the standard of accommodation for air travel. A summary of the recommendations of the Secretary-General is provided in section VIII.

II. Recommendations for steps to enhance effective and efficient utilization of resources for air travel in the United Nations

3. In paragraph 2 (e) of the annex to resolution 65/268, the General Assembly requested the Secretary-General to update the administrative instruction on official travel (ST/AI/2006/4 and Amend.1 and 2), taking into account, inter alia, the relevant resolutions of the General Assembly and recent developments in air travel, such as new products introduced by air carriers and new classes of air travel, and to include provisions instructing staff (a) to collect and, where possible, use frequent flyer miles to fund official travel; (b) to not use frequent flyer miles accrued as a result of official travel for personal travel; and (c) where possible, to purchase tickets at least two weeks in advance of travel.

4. The Secretary-General proposes to the General Assembly for its consideration the reform measures set out below. The measures would assist in enhancing the effective and efficient utilization of resources for air travel in the Secretariat through simple but significant reform initiatives that would have minimal impact on the overall benefits and entitlements of staff.

Use of frequent flyer miles

5. The Secretary-General recommends the inclusion of a provision in the administrative instruction on official travel that would instruct all staff of the United Nations not to use, for personal travel, any frequent flyer miles gained as a result of conducting official business on behalf of the Organization. Further, all officials of

[1] In resolution 53/214, sect. IV, para. 14, the General Assembly decided that the President of the Assembly should have full authority to use the funds provided by the budget for the Office of the President, including travel.

the United Nations would be encouraged to use the frequent flyer miles gained as a result of conducting official business on behalf of the Organization for official travel, where feasible. In section IV of the present report, the feasibility of a formal programme for using frequent flyer miles for official travel is reviewed.

Advance purchasing of tickets

6. As regards the issue of the United Nations purchasing tickets for official travel at least two weeks in advance of travel, all heads of offices and departments have been instructed to ensure that travel arrangements are finalized 16 days in advance of commencement of travel.

Online booking

7. The Secretariat has taken steps to incorporate the possibility of online booking into its travel processes. To this end, a consultant conducted a review of all travel booked and issued at Headquarters and examined the possibility of making reservations for these itineraries using an online system. The requirement for an online booking tool was included in the scope of the current travel agency contract, and a phased implementation of online booking is scheduled starting in April 2012. It should be noted that only a portion of United Nations itineraries lend themselves to online booking, while a majority will still require manual booking and intervention by qualified agents. The possibility of online booking has also been incorporated in the workflows of the travel module of Umoja.

Standard of accommodation for air travel

8. When travel is authorized for individuals who are not staff members, such as consultants, individual contractors or members of committees, the standard of accommodation for air travel is currently based on the standards established for staff members. It is recommended that travel at the class immediately below first class for flights exceeding a duration of nine hours be maintained for staff members and members of committees and panels.[2] All other travellers, including consultants and individual contractors, would be required to travel in economy class, unless determined otherwise by the Secretary-General taking into account the circumstances of the traveller (i.e., health reasons and the interests of the Organization).

System of the daily subsistence allowance

9. A daily subsistence allowance is currently payable to officials of the United Nations, even while in flight, from the first night of departure from the place of residence or duty station to the last night at the location of official business. As no financial expenses are incurred by these officials while in flight, it is recommended to discontinue the payment of in-flight daily subsistence allowance to individuals authorized to travel on official business on behalf of the United Nations. A daily subsistence allowance will be paid from the first day officials arrive at a location to the last night they spend at that particular location of official business, unless it can

[2] The special rules governing payment of travel expenses and subsistence allowances in respect of members of organs and subsidiary organs of the United Nations are contained in ST/SGB/107/Rev.6 of 25 March 1991.

be supported with documentary evidence (hotel bills) that expenses were incurred for early check-in or late check-out.

10. Members of organs or subsidiary organs serving in their personal capacity and, in specific instances when representing their Governments, are sometimes entitled to receive travel and subsistence expenses. While attending meetings away from their normal place of residence or duty station, a daily subsistence allowance is payable at rates equivalent to the standard travel subsistence allowance rates for officials of the Secretariat, plus 40 per cent. These rates are not subject to reduction after 30 or 60 days.

Authorization for official travel

11. The current travel policy does not emphasize the use of alternatives to air travel. It is recommended to include in the revised administrative instruction on official travel a provision that requires programme managers to certify that due consideration was given to achieving the purpose of the particular travel through alternate methods, such as telephone conferencing, videoconferencing or webcasting, before approving any official travel.

Mode, date and standard of accommodation

12. The current travel policy does not take into account environmental factors when determining the mode of travel, even in situations where there may be alternative modes of transportation that may provide lower greenhouse gas emissions while achieving the intended objectives of the travel. While the normal mode of official travel shall remain air travel, it is recommended to include in the update to the administrative instructions on official travel, a provision that encourages other modes of transportation that may be beneficial to the environment but do not increase the cost of travel.

13. The current travel policy provides that the normal route for all official travel shall be through the most direct and economical route. This particular provision fails to take advantage of alliances and interconnections between different airlines. When administering air travel, priority consideration is given to the most direct route, which might not necessarily produce the least costly fare for a particular journey. In this regard the General Assembly is invited to consider the elimination of the term "most direct" and to authorize the Secretary-General to administer official business travel using alternative routing, including connecting rather than non-stop service, when substantial savings can be incurred, provided that the total time for scheduled stops for change of planes or other purposes does not exceed four hours.

14. It is recommended that when official travel is combined with home leave or family visit travel, the standard of accommodation for travel by air for the entire journey, including the official business travel, would be the standard of accommodation for air travel on home leave or family visit travel at the least costly airfare irrespective of the duration of the particular journey.

15. The determination of the standard of accommodation for a journey is currently determined on the basis of the combined flying time of all legs of the journey to a given destination, provided the journey is not interrupted for official stops of more than one day. It is recommended that the standard of accommodation for air travel for each journey be determined independently and on the basis of the flying time of

each leg individually, unless travel is resumed or continued on the same day to the final destination.

16. Under the current rules, up to four hours for connections between flights is included in the overall flying time of a particular journey when determining the standard of accommodation for air travel. The Secretary-General recommends that the General Assembly consider reducing the maximum connecting time to be considered in the computation of the total journey time from four hours to two hours.

17. As a cost saving measure, it is recommended that economy class be established as the standard of accommodation for air travel for all officials whose travel is associated with attendance in learning and development activities.[3] Officials who travel as instructors, or as part of their respective official duties, will travel on a standard of accommodation that is based on the normal determination of the standard of accommodation.

18. The Organization's official travel policy currently does not provide for the standard of accommodation for air travel for escorts accompanying evacuees. It is recommended that economy class be established as the standard of travel accommodation for escorts so that they may sit in the same cabin as the evacuees they accompany.

19. In order to utilize new products introduced by airlines, the revised administrative instruction will encourage a voluntary downgrade policy from business to premium economy or regular economy class, rather than restricting the entitlement to the lowest economy fare. It is recommended that the Organization consider covering charges for premium economy when the staff member has opted for a voluntary downgrade from a higher class of service.

Travel time other than on home leave and family visit

20. On the issue of travel time other than on home leave or family visit, the General Assembly is requested to consider limiting the granting of rest periods (upon arrival at a given destination) to economy class travel when the journey is more than 6 hours. In such cases, officials of the United Nations would not normally be required to commence duty within 12 hours of arriving at the destination. The above limitation is based on the fact that officials travelling at the class immediately below first class are provided with a certain level of comfort that should allow them to report on duty within a reasonable time (four hours) upon arriving at a given destination.

21. Given the speed of modern aircraft, the elimination of intermediate rest stops should be considered. This would result in savings by alleviating the need for the daily subsistence allowance that such rest stopovers generate.

Travel time on home leave or family visit

22. The current policy grants travel time on all home leave or family visit travel. It is recommended to limit the approved travel time to staff members who receive an air ticket from the Organization. For travel exercised through the lump-sum option,

[3] See ST/SGB/2009/9, section 1.1, for the definition of learning and development.

no travel time should be granted, as this option is normally utilized in lieu of all entitlements related to the particular travel.

23. In addition, given the speed of modern aircraft, it is recommended that the General Assembly consider reducing the travel time granted (days not chargeable to annual leave) for both the outward and the return journey on home leave or family visit. Travel time would be granted on the basis of the actual travel calendar days, based on the authorized route.

Lump sum

24. There is a need to align the terminology of the administrative instruction on official travel with airline industry terminology in the section of the instruction that deals with determining the amount to be paid to staff who opt for the lump-sum payment. The General Assembly is invited to consider replacing the words "75 per cent of the full economy-class fare" to "75 per cent of the least restrictive economy-class fare" by the least costly scheduled air carrier.

25. In order for the Organization to benefit administratively from the utilization of the lump-sum option, the approval of the General Assembly is sought to expand the option to travel on initial appointment, transfer and assignment. As in the case of all other travel for which the lump-sum option is provided, travel on initial appointment, transfer and assignment will be based on 75 per cent of the least restrictive economy-class fare by the least costly scheduled air carrier.

III. Coordination on air travel matters across the United Nations system

26. The General Assembly, in the annex to its resolution 65/268, requested the Secretary-General to promote greater coordination across the United Nations system on air travel matters, including by leveraging the experiences of existing bodies, such as the Inter-Agency Travel Network (IATN) and to continue to explore alternate arrangements for the procurement of air travel utilizing the collective purchasing power of the United Nations.

27. In response, IATN again explored the possibility of establishing global airline agreements within the United Nations system. At its most recent meeting, in October 2011, IATN invited representatives of a major airline alliance to discuss requirements for global airline agreements covering all its organizations, funds, programmes and agencies.

28. In addition, individual organizations have been in contact with airlines and alliances on the issue of global agreements for their worldwide operations. This effort followed up on previous efforts by IATN and three major alliances in 2003 to introduce global airline agreements to the United Nations system.

29. The result in 2003 had been a global agreement with one of the dominant international air carriers which included discounts of 10 to 15 per cent on published airfares. Tickets had to be booked through the airline's telephone or online agents or a limited number of travel agencies, using a personal or corporate credit card. However, after two years, despite significant efforts by the organizations, as well as the airline to publicize the agreement, only 10 tickets were issued.

30. This limited response reflected the fact that, although the negotiated discount of 10 to 15 per cent on published airfares benchmarked well against other global airline agreements by corporate entities, it was not competitive in the United Nations market, where local agreements normally arrive at discounts that range between 10 to 50 per cent.

31. It also reflects the fact that many United Nations organizations conduct spot buying in many markets, resulting in cheaper non-published airfares than those available through global airline distribution systems.

32. During the IATN meeting held in Rome in October 2011, one of the leading airline alliances stressed the need for the following to be in place prior to entering into global airline agreements:

- A single point negotiator/global decision-making
- Global availability of travel data
- A global and consolidated travel agency network
- Specific and enforceable market share requirements
- Minimum revenue guarantees
- Possibility of mandating the use of the contracted carriers on specific routes regardless of the price

33. The IATN found that, while the first two requirements could be met (i.e., a single point negotiator/global decision-making and global availability of travel data), the remaining points would not be feasible within the United Nations system.

34. Bearing in mind the experience gained through the previous global deal with a major airline and the requirements set by global alliances for such airline agreements, IATN noted that the current constraints were not conducive to proceeding at this time. For the United Nations Secretariat alone, the infrastructure to administer such global deals would not be in place until the implementation of a consolidated internal administrative system (i.e., Umoja) at the earliest.

35. However, the United Nations organizations have been highly successful in negotiating extremely competitive airline agreements in regional markets by consolidating the volume of ticket purchases of the United Nations funds and programmes operating in the same area. All United Nations system organizations located in New York negotiate airline agreements together, using the collective purchasing power of the United Nations Secretariat, the United Nations Development Programme, the United Nations Children's Fund, the United Nations Population Fund and other smaller organizations. Discounts achieved range from 10 to over 50 per cent of regular published airfares and average at 29 per cent. They are considered best in class in many markets.

36. Bearing in mind that travel by organizations based in New York covers 6,600 city pairs per year, discount agreements with over 35 carriers in New York guarantee the widest possible discount coverage for the diverse travel patterns. Discounts negotiated on behalf of the organizations based in New York have also been made available to organizations outside of New York for their travel originating in the United States of America, including the World Health Organization (WHO). All travel initiated by WHO in Geneva and originating in North America is included in

the New York negotiated discounts, creating, in fact, a global discount for this purpose.

37. Similarly, in Geneva, the International Organizations Joint Airline Negotiations Group has achieved highly successful discounts in a market that lacks strong competition. As a result of the combination of the travel expenditure of 12 international organizations in Geneva, the Group negotiated agreements with 30 airlines and alliances for discounts between 15 and 45 per cent. Since up to 50 per cent of the Geneva-based travel originates abroad, the Group ensured that an increased number of discounts were valid for travel from and to Geneva as well as for other point-to-point routes. This again created quasi-global agreements allowing Geneva-based funds, programmes and specialized agencies to utilize the negotiated reduced airfares for their travellers originating in many locations away from their home base.

38. Another effort geared towards using the global purchasing power of the United Nations has been the interchangeable use of discounts and agents in New York and Geneva. In order to expand operating hours in Geneva through midnight, the International Organizations Joint Airline Negotiation Group finances travel agent capacity at Headquarters, which supports travel operations in Geneva. The agents are able to utilize airline discounts negotiated in New York for travel originating in North America or Geneva, ensuring that the highest-level discounts are applied to all travel.

39. The United Nations organizations are exploring possibilities to expand the cross-use of negotiated airline discount agreements between organizations and are working within the context of IATN to find administrative mechanisms to further improve this practice. The introduction of the travel module of Umoja, combined with the availability of e-tickets, will allow the United Nations organizations access to book travel at those duty stations offering the lowest cost for specific itineraries.

40. The United Nations organizations have been exploring possibilities to ensure that the lowest airfares are available in spite of their relatively diverse and decentralized decision-making and budgetary authority. Currently, global airline agreements that could be negotiated would not improve on agreements already in place. In fact, if a lower-level global discount were adopted, it might reduce the willingness of carriers to give steep local discounts.

IV. Use of frequent flyer miles for official travel

41. The Secretary-General was requested in paragraphs 2 (e) and (f) of the annex to resolution 65/268 to include provisions in the administrative instruction on official travel instructing staff to collect and, where possible, use frequent flyer miles to fund official travel and to continue exploring the use of frequent flyer miles accumulated by staff members from official travel to purchase and upgrade tickets where appropriate.

42. In response to this request, the Secretary-General sought the assistance of one of the most respected independent consultants in the travel industry to conduct a comprehensive review of the potential application of frequent flyer miles for official travel within the United Nations travel programme. As a first step, the consultant benchmarked the policies of relevant comparators, namely: (a) the World Bank and

the International Monetary Fund (IMF); (b) select Governments and Member States; and (c) private sector corporations.

43. Airlines were also surveyed on their perspective, and the impact of the use of frequent flyer miles on United Nations travel patterns and the ratio of travel by staff versus non-staff were reviewed. The consultant estimated potential savings offered by the only company specializing in tracking accrual of business frequent flyer miles and applying miles to official travel (frequent flyer miles company). The assessment of the travel agencies contracted by the United Nations at Headquarters and in Geneva of the impact of applying the company's process on travel operations and costs was also included in the review.

Benchmarks

International Monetary Fund and World Bank

44. The consultant conducted a review of the previous efforts and analysis of frequent flyer miles concluded by IMF and the World Bank. Both organizations have similar international travel patterns, covering complex itineraries, to those of the United Nations. For more than a decade, IMF and the World Bank had independently considered stripping out frequent flyer miles in order to negotiate better carrier discounts. Owing to the complexities of obtaining frequent flyer miles tickets, it was decided not to capture frequent flyer miles in their travel programmes. Both organizations recognized that it would be administratively difficult and not cost effective.

Select Member States

45. The Government of the United States implemented a policy of retaining miles earned on official travel in 1994, but discontinued it in 2001. In a letter to the United States House of Representatives Committee on Government Reform dated 24 May 2001 summarizing findings from an internal review, the Government Accounting Office recommended that the Government allow employees to keep their frequent flyer miles owing to:

(a) Difficulties in tracking and applying frequent flyer miles given the airline position that frequent flyer miles belong to the individual traveller and privacy issues surrounding access to information on mileage accrual;

(b) Practical difficulties in administering the programme and limited availability of frequent flyer miles flight inventory. Government agencies that the Government Accounting Office surveyed indicated that frequent flyer miles were often unused due to lack of availability;

(c) Risk of a negative impact on $2 billion in negotiated airline discounts if the Government enforced its policies more rigorously.

46. The consultant obtained information from representatives of two other Member States about their Governments' policies requiring the use of frequent flyer miles, as follows:

(a) Most programmes are based on the honour system, and individuals report mileage they earn to an in-house department responsible for tracking and applying

frequent flyer miles. The consultant could not confirm how much administrative effort was involved;

(b) Frequent flyer miles are used to upgrade economy tickets to business class, as free frequent flyer miles tickets are generally not available;

(c) Some interviewed Member States acknowledged that most of their official travel is on a single airline, which increases the ratio of itineraries eligible for use of frequent flyer miles.

Private sector

47. There are no large private sector companies which require business use of frequent flyer miles globally. In the 1980s and 1990s, many corporations investigated the possibility of asserting rights to frequent flyer miles earned on business travel, but few implemented such a policy. In 1996 only 4 per cent of respondents to the American Express business travel survey claimed miles and in 1998 fewer than 1 per cent. The question was then dropped from the survey.

48. The United Nations belongs to benchmarking groups which include ABB, Boeing, Dell, Dow Chemical, Honeywell, Johnson & Johnson, Merck, Philips, Reed Elsevier, Rio Tinto, Siemens, the Coca-Cola Company, United Technologies Corporation and the World Bank. None of these benchmarking partners has elected to attempt to capture frequent flyer miles for business use.

49. The frequent flyer miles company (see para. 43 above) lost its largest client in 2001, when the Government of the United States revised its policy. The company was reluctant to provide client references and the study was unable to confirm the extent of their experience outside the United States.

50. Walmart worked with the company from 1994 until 2006. Walmart discontinued its frequent flyer miles programme in order to improve morale and compensate employees for the personal time spent on the road. Walmart indicated that the programme yielded savings of approximately 3.75 per cent of their travel volume. However, it was not able to provide a net savings rate that included the cost of additional internal staff to administer the programme. The travel manager noted that it might be more difficult to use miles today than when they had the programme because airlines have reduced capacity and frequent flyer flight inventory carries restrictions and can be difficult to obtain.

Airline perspective

51. Airlines employ a two-pronged approach to increasing their market share. They provide organizations with an incentive in the form of negotiated discounts and promote individual traveller loyalty with frequent flyer miles and elite status perks.

52. The consultant was unable to obtain a firm position from most United Nations-preferred airlines based on hypothetical questions about the impact of a change in policy that required the use of frequent flyer miles for official travel. British Airways was the least ambiguous, stating that their conditions do not allow anyone other than the individual traveller to determine how frequent flyer miles will be used. One alliance initially agreed to explore exchanging frequent flyer miles for carbon offsets, but later declined to pursue the issue.

53. Based on the following survey results and the experiences of benchmark comparators, the consultant concluded that airlines would be reluctant to support a programme in which an organization requires travellers to use frequent flyer miles for official travel:

(a) Airlines have reduced capacity in almost all markets in order to increase profitability. As a result of higher load factors on their flights, fewer seats are available for frequent flyer miles bookings. Frequent flyer miles seats are only available on flights that are not expected to sell out at published rates;

(b) Airlines have no incentive to cooperate in a policy which will undermine the basic goals of their frequent flyer miles programmes;

(c) Airlines maintain that the individual traveller owns his or her frequent flyer miles, regardless of who purchases the ticket. Any use by the organization would require consent from the individual;

(d) Airlines will not disclose data on mileage accrual to the organization, as this would violate data privacy laws;

(e) An organization may avoid data privacy issues by establishing a separate frequent flyer miles account in a traveller's name to accrue frequent flyer miles on official travel. However, airlines are unwilling to link the two accounts so that mileage in both can be credited towards elite status. Individuals would therefore have more difficulty achieving the productivity benefits of elite status, as well as the cost savings of avoiding excess luggage charges through elite perquisites. It should be noted that United Nations travellers participating in some frequent flyer miles programmes avoid additional baggage charge costs due to participation in frequent flyer miles programmes;

(f) Many miles are never redeemed, so airlines get the advantage of "breakage".

Potential impact of implementing a frequent flyer miles collection programme at the United Nations

Policy

54. The current United Nations policy allows business class for travel of over nine hours for all staff, while higher ranking officials may fly business class on all flights. Total air cost is authorized based on the lowest fare to the mission destinations. Frequent flyer miles loyalty programmes are disallowed from the flight selection criteria.

Travel patterns

55. The study examined travel agency data for United Nations Headquarters in New York and the United Nations Office at Geneva. It found that:

(a) Headquarters spent $54.5 million and the United Nations Office at Geneva $20.3 million on airline tickets for the 12-month period from 1 November 2010 through 31 October 2011;

(b) At least half of the travel from both Headquarters and the United Nations Office at Geneva was for meeting participants, experts and committee members who could not be expected to participate in a mandatory frequent flyer miles programme;

(c) The contracted Headquarters travel agency estimates that there are on average three to five changes per reservation before a ticket is issued.

Potential savings

56. In the context of the study, data on expenditure at Headquarters and the United Nations Office at Geneva were provided to the frequent flyer miles company. The frequent flyer miles company provides preliminary estimates as part of its sales process, and the consultant was able to obtain an estimate of savings without disclosing the United Nations identity. In this connection, it should be noted that it is in the interest of the frequent flyer miles company to make optimistic projections in order to move discussions with a potential new client forward. They do not disclose assumptions or methodology during early, exploratory discussions.

57. The frequent flyer miles company indicated that it would be able to use frequent flyer miles on 3 per cent of United Nations itineraries. This was based on its experience with the Government of the United States prior to 2001 and some former private sector clients.

58. The frequent flyer miles company's estimates have to be reviewed in the light of the following:

(a) United Nations travel expenditure is 95 per cent international. Most of the frequent flyer miles company's clients' travel is primarily domestic travel in the United States;

(b) Airlines have reduced capacity in the last two years and control inventory tightly, particularly during peak travel times. Although these vary by market, free frequent flyer seats and upgrade inventory on international flights to and from the United States from June to August can sell out months in advance. Blackout dates also apply during peak periods. The assumptions made by the frequent flyer miles company about availability of frequent flyer miles inventory or United Nations advance booking patterns were unclear;

(c) The consultant could not confirm the assumptions about the extent to which itineraries change. Based on current United Nations booking patterns, a substantial number of free tickets would not meet the final itinerary requirements and would need to be replaced with paid tickets, reducing savings;

(d) The consultant could not explore the frequent flyer miles company's capabilities to provide service to United Nations locations in countries other than the United States and Switzerland.

59. Consequently, the frequent flyer miles company's savings estimate may need to be reduced based on the following factors:

(a) The United Nations has a substantial number of complex international itineraries involving multiple carriers. Breaking the itinerary into a frequent flyer miles ticket on certain segments of the routing would increase the fare on the portion of the itinerary flown on a non-alliance airline, reducing savings significantly. The frequent flyer miles company's assumptions are based on their

experience with companies whose travel is primarily within the United States and point to point. They do not cite experience with programmes as heavily international and complex as that of the United Nations;

(b) Any frequent flyer miles programme could not apply to non-staff travellers, who account for at least 50 per cent of total expenditure at the United Nations;

(c) If itineraries change an average three to five times, there is a clear risk that frequent flyer miles inventory will not be readily available for United Nations official travel.

Potential cost

60. A significant number of trips would need to be split into portions which are eligible for frequent flyer miles use and portions on non-alliance carriers, which would require breaking a through fare and issuing a separate ticket. The study concludes that the incremental cost of these split tickets would offset approximately 10 per cent of the savings. The frequent flyer miles company's fees are based on retaining 25 per cent of gross savings achieved compared with the lowest fare within the policy on official travel, as calculated by contracted travel agencies.

61. In order to comply with the frequent flyer miles company's requirements, the United Nations contracted agencies would need to add at least two to three additional staff in New York and one or two in Geneva at a rate of $75,000 per person per year. The additional staff are required to deal with additional fare quotes, routing options and additional rate calculations based on itineraries booked in part using frequent flyer miles, with certain non-alliance segments booked at negotiated or published fares.

Financial implications

62. The table below provides a calculation of the financial implications of implementing a programme to use frequent flyer miles for official travel (in United States dollars):

Total air expenditure (New York and Geneva)	73 227 212
Air expenditure by United Nations staff (50 per cent of total)	36 613 606
Frequent flyer miles potential on 3 per cent of trips	1 098 408
Savings reduction for late tickets and changes (47 per cent)	(516 252)
Incremental cost of split tickets (10 per cent)	(109 841)
Frequent flyer miles company fee at 25 per cent of savings	(145 539)
Travel agency incremental cost	(225 000)
Additional United Nations staff (one in New York and one in Geneva)	(170 000)
Total	**(68 224)**

Other factors

63. If the United Nations were to adopt a frequent flyer miles programme, other factors would come into play, as follows:

(a) Changes to the booking and approval process:

(i) The contracted travel agencies would book the lowest negotiated fare within policy, as usual, and programme their systems to forward potential frequent flyer miles itineraries as they are booked and changed to the frequent flyer miles company to review for possible frequent flyer miles savings;

(ii) If there is an opportunity for savings on the same itinerary, the frequent flyer miles company would book the frequent flyer miles inventory and advise the contracted travel agency to cancel the original paid flights;

(iii) If the frequent flyer miles opportunity requires rerouting, the frequent flyer miles company would contact the traveller prior to making any changes;

(iv) The additional frequent flyer miles review would require additional time for the approval process. This could result in higher fares in cases where the airline imposes a ticketing time limit and the frequent flyer miles ticket is ultimately rejected after the time limit for the lower fare has passed;

(b) Risks of travel disruption: frequent flyer miles tickets are highly restricted and availability is limited. When plans change en route, it is unlikely that frequent flyer miles seats would be available on very short notice;

(c) Accounting issues:

(i) The IMIS system would need to be configured to reflect taxes and other fees for frequent flyer miles tickets;

(ii) The frequent flyer miles company fees would not be refundable in the event of a change or cancellation, so these would need to be included in the total trip cost to be reconciled with the travel authorization.

Conclusions and next steps

64. Based on these facts, the review concluded that the Organization could not incur any net savings by introducing a programme that manages frequent flyer miles and applies them to official travel. In fact, as demonstrated in the preliminary review above, such a programme may cause significant additional expenditure.

V. Tracking of costs associated with commercial air travel in the Secretariat

65. In paragraph 2 (a) of the annex to resolution 65/268, the General Assembly requested the Secretary-General to propose a mechanism to allow for the effective tracking of all costs associated with air travel in the Secretariat.

66. Currently, air travel costs are directly recorded in IMIS at United Nations Headquarters, offices away from Headquarters and regional commissions and are captured in sufficient detail. Only a non-material share of the costs is recorded in IMIS using low value payment documents that do not provide a similar level of detail. It is noted however that peacekeeping missions and most of the special political missions use the Sun System application that cannot track the air travel charges in sufficiently detailed categories beyond the object of expenditure.

67. Requirements for the effective tracking of all costs associated with commercial air travel have been fully incorporated in the design of the travel module of Umoja. It is expected that Umoja implementation at Headquarters, offices away from Headquarters, regional commissions, peacekeeping missions and special political missions will enable adequate tracking and classification of all air travel charges.

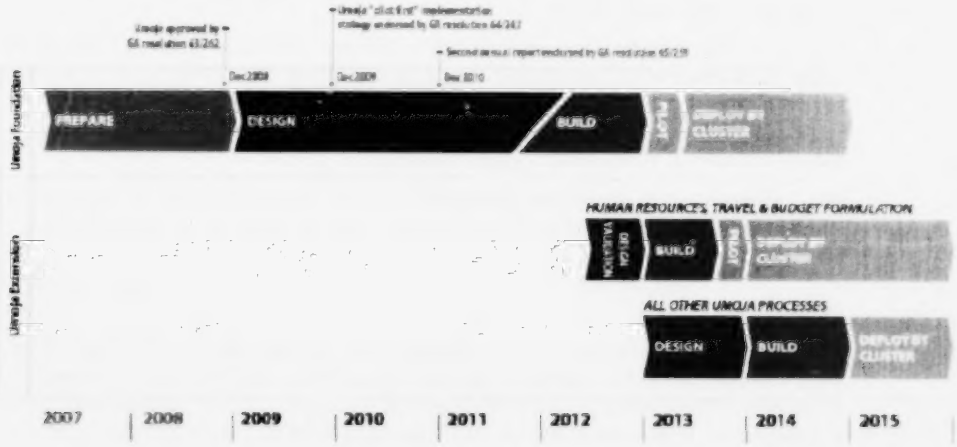
VI. Implementation of the Umoja travel module

68. As described in the third progress report of the Secretary-General on the enterprise resource planning project, Umoja (A/66/381), the Umoja project reached a critical point in 2011 as it transitioned from the design phase to the build phase. Full deployment of Umoja is now projected for the end of 2015, instead of 2013 as initially planned. The delay necessitated a recalibration of the project's timeline, and the Umoja Steering Committee approved a revised implementation plan. In order to accelerate progress and mitigate the effects of the delay, Umoja will now be deployed in phases. However, the phased approach will have an impact on the deployment schedule of the Umoja travel module.

69. The first phase, referred to as Umoja Foundation, includes processes in finance, procurement, assets, inventory and property management, and some programme and project management. Umoja Foundation will lay the system's core building blocks and support the Organization's adoption of the International Public Sector Accounting Standards (IPSAS).

70. The second phase, referred to as Umoja Extension, will complete implementation of the project's full scope, including travel, human resources, budget, force planning, demand planning, logistics execution, conference and event management, full grants management and commercial activities.

71. The most critical aspects of Umoja Extension will be deployed in 2014. This includes the complete travel module, comprising travel request, travel plan and travel expenses. Existing systems will continue to be used to support travel management in the Organization until the Umoja travel solution can be deployed. The revised timeline for Umoja is shown in the figure below.



VII. Delegation of authority to grant exceptions to the standard of accommodation for air travel

72. In its resolution 42/214, the General Assembly authorized the Secretary-General to exercise his discretion in making exceptions to allow first-class air travel on a case-by-case basis. This discretionary authority is also exercised by the Secretary-General in accordance with paragraph 4.5 of administrative instruction ST/AI/2006/4 when, in the opinion of the Secretary-General, special circumstances warrant it. Under the administrative instruction, the authority for granting exceptions is delegated to the Office of the Under-Secretary-General for Management. The Under-Secretary-General for Management has further delegated authority to the Director in the Office of the Under-Secretary-General for Management by a letter of delegation. The Under-Secretary-General for Management is informed on a continuous basis on exceptions to the standards of accommodation for air travel that are authorized under the applicable rules.

73. In exercising such authority, the Secretary-General takes into consideration the following circumstances:

(a) A medical condition that may necessitate a certain level of comfort not available to the traveller under the regular entitlement(s). Such cases are referred to the Director of the Medical Services Division for recommendation before the Secretary-General, or whomever he/she delegates, renders a final decision. It should be noted that advanced age alone is not sufficient justification to grant an exception;

(b) The normal standard of accommodation is unavailable and, owing to exigencies relating to the assignment, the traveller is required to travel on a particular date. Consideration is also given when the cost of daily subsistence allowance, while the traveller waits for the next available seat, is greater than the cost of the higher standard of travel;

(c) The traveller is considered an eminent person such as a Head of State or Government;

(d) The traveller is considered to be a prominent international figure in the political, humanitarian, cultural (or other) field and is donating his/her services free of charge to the Organization;

(e) The traveller, after completing a full day's work, is required to travel in order to resume work immediately upon arrival at another location. Where such cases involve arduous journeys, it has been deemed reasonable that the traveller be provided with the best rest possible while travelling, or provided with conditions most conducive to work while flying, or both.

74. Administrative instruction ST/AI/2006/4 was promulgated for the purpose of implementing the various staff rules relating to the standards of accommodation for air travel and its exceptions.

Procedures

75. A request for exception to the standards of accommodation for air travel for each traveller shall be completed and sent to the department's/office's respective Executive Officer, who analyses the merit of the request. If the request meets the requirements, as described above, the Executive Officer completes part 1 of the

form and forwards it to the Office of the Under-Secretary-General for Management, who has been delegated the authority, for consideration and a decision.

76. For requests relating to medical conditions, the forms are first sent by the Executive Officer to the Medical Services Division for recommendation, prior to the Office of the Under-Secretary-General for Management rendering its final decision on behalf of the Secretary-General.

77. Once requests are received by the Office of the Under-Secretary-General for Management, they are analysed on a case-by-case basis by the Policy and Oversight Coordination Service. In analysing the requests, the Service considers multiple factors relating to but not limited to:

(a) Verification of the recommendations of the Medical Services Division for all cases submitted on the basis of medical conditions;

(b) Verification of the non-availability of regular standards of travel for those cases claiming that regular standard is not available and formulation of any benefit/cost analysis that might be required (the trade-off between the additional cost of travel if upgraded and the additional cost of per diem);

(c) Review of the profile or background of the traveller for those requests submitted on the grounds that the traveller is an eminent person or a prominent person donating services. In the latter case, details relating to the type of service being provided may be requested (i.e., delivering a lecture at a United Nations seminar on a non-reimbursable basis);

(d) Review of the specific circumstances, such as the traveller's purpose/reasons, in cases requested on the basis of an arduous journey.

78. Once the analysis is completed, the Policy and Oversight Coordination Service will provide its recommendation, along with the request and relevant documentation, to the Director of the Office of the Under-Secretary-General for Management, who has been delegated the authority to approve these requests on behalf of the Under-Secretary-General for Management. Prior to providing a final decision, the Director of the Office of the Under-Secretary-General for Management will review the recommendation of the Policy and Oversight Coordination Service (and the recommendation of the Medical Services Division, where relevant) and approve (or reject) the request on behalf of the Under-Secretary-General for Management. For all those cases where the request for exception is not clear or straightforward, advice, guidance or clarification should be sought from the Office of the Under-Secretary-General for Management.

79. In summary, under the current process, the layers of review for each individual exception include:

(a) The Executive Office of the requesting department;

(b) The Medical Services Division (as required);

(c) The Policy and Oversight Coordination Service (within the Office of the Under-Secretary-General for Management);

(d) The Director of the Office of the Under-Secretary-General for Management;

(e) The Under-Secretary-General for Management (as required).

80. These layers are in place to ensure the appropriate utilization of the Organization's resources, provide the necessary checks and balances, and ensure an effective and efficient response.[4]

81. It should be noted that utmost restraint is exercised in granting these exceptions, even when a medical condition exists, and the cases of upgrade to first class are extremely limited.[5] In practical terms, the medical officers in the United Nations have been complying with the position paper adopted by all medical directors in the United Nations common system in 2007, in which it is stated that there is no substantive difference between business class and first class in terms of the safety of an individual with a medical condition. However, the possibility of upgrading to first class shall not be completely closed as every medical case has its own circumstances.

Scope

82. As standard practice, the organizational units required to follow the above provisions are those listed in ST/SGB/2002/11.

83. It should be noted that United Nations funds, programmes, research and training institutes and other United Nations entities are only required to submit their requests when the request is for an upgrade to first class.

Reporting requirements

84. In its resolution 42/214 the General Assembly requested the Secretary-General to report annually to the General Assembly on the implementation of the resolution, noting all exceptions made under paragraph 3 of the resolution[6] and the reasons for those exceptions. In its decision 57/589 of June 2003, the Assembly requested the Secretary-General to submit the report on a biennial basis, and in its resolution 63/268, it endorsed the recommendations contained in the report of the Advisory Committee on Administrative and Budgetary Questions (A/63/715), which, inter alia, called for future reports on the matter to contain an analysis of historical trends in the number of exceptions and provide analysis of the trends in the last 10 years along with possible explanations, as appropriate.

85. As the entity responsible for the preparation of the report, the Department of Management requires all organizational units listed in ST/SGB/2002/11 to submit quarterly reports. The reports are compared to the statistics on exceptions granted kept by the Office of the Under-Secretary-General for Management (and their respective costs) to ensure that accurate information/figures are provided to Member States in the biennial reports on travel.

86. Funds, programmes, research and training institutes, and other United Nations entities are also required to submit quarterly reports for those requests approved for first-class upgrade only.

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[4] The maximum amount of time to process any request is 72 hours.

[5] There has only been one case since 2009.

[6] By paragraph 3 of its resolution 42/214 the General Assembly authorized the Secretary-General to exercise his discretion in making exceptions to allow first-class travel on a case-by-case basis.

VIII. Summary of the recommendations of the Secretary-General for consideration by the General Assembly

Frequent flyer miles

87. **The Secretary-General recommends that the administrative instruction on official travel be amended to instruct all staff of the United Nations not to use, for personal travel, any frequent flyer miles gained as a result of conducting official business on behalf of the Organization, and to encourage all officials of the United Nations to use the frequent flyer miles gained as a result of conducting official business on behalf of the Organization for official travel if feasible. Since the introduction of a formal scheme to use frequent flyer miles for official travel has been shown to create additional costs, it is not recommended to implement such a programme.**

Advance purchase of tickets

88. All heads of offices and departments have been instructed to ensure that as of 1 June 2012 all travel arrangements for individuals travelling on behalf of the United Nations are finalized 16 days in advance of commencement of any official travel.

Standards of accommodation for air travel

89. **The Secretary-General recommends the establishment of the standard of accommodation for air travel for consultants and individual contractors as economy class.**

Daily subsistence allowance

90. **The Secretary-General recommends the payment of daily subsistence allowance from the first day an official arrives at a location to the last night the official spends at that particular location of official business, unless additional actual expenditure for lodging (early check in, etc.) can be supported by documentary evidence.**

Authorization for official travel

91. **The Secretary-General recommends an amendment to the administrative instruction on official travel that will require programme managers to certify that due consideration was given to achieving the purpose of travel through alternate methods, such as telephone conferencing, videoconferencing or webcasting before approving any travel.**

Mode, date and standard of accommodation

92. **The Secretary-General recommends the following amendments to the administrative instruction on official travel (ST/AI/2006/4 and Amend.1 and 2) for the General Assembly's endorsement:**

(a) **Introduction of a provision that encourages the use of methods of transportation that may be beneficial to the environment while not increasing the cost of travel;**

(b) **Elimination of the term "most direct" in paragraph 4.2 (e) of the administrative instruction and authorization of the Secretary-General to administer official business travel on the basis of the least costly routing, provided that the total time for scheduled stops for change of planes or other purposes does not exceed four hours;**

(c) **Standards of accommodation for air travel when official business travel is combined with entitlement travel (i.e., home leave or family visit) would be economy class for the entire journey;**

(d) **The standard of accommodation for air travel for each journey would be determined independently and on the basis of the flying time of each leg individually, unless travel is resumed or continued on the same day to the final destination;**

(e) **Reduction of the maximum connecting time to be considered in the computation of the total duration of the journey from four to two hours;**

(f) **Establishment of economy class as the standard of accommodation for air travel for all officials whose travel is associated with attendance in learning and development activities;**

(g) **Establishment of economy class as the standard of accommodation for air travel for escorts who accompany evacuees;**

(h) **Introduction of a provision that encourages voluntary downgrade to premium economy from the class immediately below first class.**

Travel time other than on home leave and family visit

93. **The Secretary-General proposes to the General Assembly for its consideration:**

(a) **Limiting the granting of rest periods upon arrival at a given destination to economy class travel when the journey is more than 6 hours;**

(b) **Elimination of intermediate rest stops while travelling on official business.**

Travel time on home leave or family visit

94. **The Secretary-General recommends to the General Assembly for its consideration:**

(a) **Elimination of the granting of travel time for staff who exercise their respective home leave or family visit travels through the use of the lump-sum option;**

(b) **Reduction in the travel time granted (days not chargeable to annual leave) on both the outward and the return journey on home leave or family visit by limiting it to the actual travel calendar days, based on the authorized route.**

Lump sum

95. **The Secretary-General recommends to the General Assembly for its consideration:**

(a) **A change in terminology from "75 per cent of the full economy-class fare" to "75 per cent of the least restrictive economy-class fare" by the least costly scheduled air carrier, when determining the lump-sum amounts for travel;**

(b) **Expansion of the utilization of the lump-sum option to include travel on initial appointment, transfer and assignment.**

United Nations A/66/677

General Assembly

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Original: English

Sixty-sixth session
Agenda item 45
Question of the Falkland Islands (Malvinas)

Letter dated 27 January 2012 from the Permanent Representative of the United Kingdom of Great Britain and Northern Ireland to the United Nations addressed to the Secretary-General

In accordance with instructions received from the Government of the United Kingdom of Great Britain and Northern Ireland, I have the honour to refer to the letter dated 3 January 2012 from the Chargé d'affaires a.i. of the Permanent Mission of Argentina addressed to you, transmitting in an annex the text of a press release issued on 3 January 2012 by the Government of Argentina on the Falkland Islands (A/66/653).

The Government of the United Kingdom has no doubt about the sovereignty of the United Kingdom over the Falkland Islands or South Georgia and the South Sandwich Islands and their surrounding maritime areas. The principle of self-determination, enshrined in the Charter of the United Nations, underlies our position on the sovereignty of the Falkland Islands. There can and will be no negotiation on the sovereignty of the Falkland Islands unless and until such time as the Falkland Islanders so wish.

The United Kingdom is clear about both the historical and legal position on the sovereignty of the Falkland Islands. No civilian population was expelled from the Falkland Islands on 3 January 1833. An Argentine military garrison had been sent to the Falkland Islands three months earlier in an attempt to impose Argentine sovereignty over British sovereign territory. The United Kingdom immediately protested and later expelled the Argentine military garrison on 3 January 1833. The civilian population, who had previously sought and received British permission to reside on the Islands, were encouraged to remain. The majority voluntarily chose to do so. In 1833, the territorial borders of the Republic of Argentina did not include the geographical southern half of its present form, nor any territory in the Falkland Islands, Antarctica, or South Georgia and the South Sandwich Islands. The land which now forms the Argentine province of Tierra del Fuego, of which the Republic of Argentina purportedly claims the Falkland Islands forms a part, did not itself form part of the Republic of Argentina until approximately half a century after 1833, by which time the current Falkland Islands people had lived and raised two

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generations on the Islands. British sovereignty over the Falkland Islands dates back to 1765, some years before the Republic of Argentina even existed.

All of the above demonstrates that the Republic of Argentina's claim to the Islands, which it bases on the principle of disruption to its territorial integrity, is without foundation, as the Islands have never legitimately been administered by, or formed part of, the sovereign territory of the Republic of Argentina.

In May 1850, the Republic of Argentina and the United Kingdom ratified the Convention for settlement of existing differences and the re-establishment of friendship. In the 90 years following ratification of the 1850 Convention, the Republic of Argentina only submitted one official diplomatic protest, in 1888. In 1863, at the same time that Spain was negotiating a treaty recognizing the Republic of Argentina as a sovereign state, the British Governor of the Falkland Islands officially received a Spanish diplomatic and scientific delegation to the British Falkland Islands and received no protest. By 1880, the Falkland Islands had second-generation Falkland Islands-born people, and the Falkland Islands had been internationally accepted as British sovereign territory, with consular representation from many other countries on the islands, including Chile and the United States of America. The Republic of Argentina only returned to regular sovereignty protests after the outbreak of the Second World War in 1939.

The Falkland Islands had no indigenous peoples and the United Kingdom has never implanted any civilian population; all civilians have voluntarily migrated to, or been born in, the Falkland Islands. Civilian migrants voluntarily came from a wide number of countries, as they did throughout the whole Americas region during the nineteenth century.

Furthermore, the status of the Falkland Islands should not be solely dependent on two-centuries-old history, given the important developments in the international system and in international law since that time. Neither should it be subject to the aggressive territorial aspirations of another country. It should and will depend on the people of the Islands. The United Kingdom is a modern and democratic society that has helped many former non-self-governing Territories to obtain independence through the exercising of self-determination. The remaining Overseas Territories are not colonies; no people are subjugated and the United Kingdom does not remove any natural resources from the people of inhabited Territories. The relationship of association between the United Kingdom and the Falkland Islands is based on mutual consent. This contrasts with the approach of the Republic of Argentina; its Constitution seeks sovereignty over the Falkland Islands without any consideration for the wishes of the people of the Falkland Islands.

The United Kingdom maintains a modern relationship with all its remaining Overseas Territories based on partnership, shared values and the right of each Territory to determine whether it wishes to retain its link to the United Kingdom or not. The Falkland Islands, like other Overseas Territories, has its own unique Constitution, and significant powers are devolved to the democratically elected government consistent with the United Kingdom retaining the powers necessary to discharge its sovereign responsibilities, in particular for defence and external affairs. The United Kingdom has no intention of imposing a change in sovereign status against the will of the people concerned. Should the clear and constitutionally expressed wish of the Falkland Islands people be a change to its sovereign status, the United Kingdom will help the Falkland Islands achieve this. For as long as the

Falkland Islands people wish to retain their link to the United Kingdom, the United Kingdom will remain committed to their future development and continued security.

For the above reasons, the United Kingdom supports the Falkland Islands Government's legitimate decision to explore for hydrocarbons in Falkland Islands waters in accordance with international law, including the United Nations Convention on the Law of the Sea and article 1, paragraph 2, of the International Covenant on Civil and Political Rights.

The United Kingdom continues to believe that there are many opportunities for cooperation in the South Atlantic. However, in recent years the Republic of Argentina has:

- Withdrawn from cooperation on the South Atlantic Fisheries Commission and extended its fishing seasons in Argentine waters, thus endangering the long-term sustainable management of straddling fish stocks in the South Atlantic, in contravention of article 63 of the Convention on the Law of the Sea
- Repudiated the 1995 Joint Declaration on Hydrocarbons, which had provided for cooperation in a Special Cooperation Area that straddled both Argentine and Falkland Islands waters
- Placed a ban on charter flights travelling through Argentine airspace to the islands in 2003
- Introduced domestic legislation to penalize companies that wish to do business in or with the Falkland Islands
- Introduced a presidential decree in 2010 that does not comply with the freedom of navigation or the right of innocent passage provided for by international law, including the Convention on the Law of the Sea
- Threatened at the United Nations in September 2011 to withdraw from the 1999 United Kingdom-Republic of Argentina Joint Statement, which had allowed Argentine passport holders to enter the Falkland Islands for the first time since the 1982 conflict and had provided for the resumption of the Falkland Islands' only commercial air link with South America
- Asked the Mercosur region, in December 2011, to support a declaration denying access to their ports to Falkland Islands-flagged vessels, thus explicitly attempting to restrict trade and threatening the people of the Falkland Islands with economic isolation

These disturbing developments call into question the commitment of the Republic of Argentina to peaceful cooperation in the South Atlantic and adherence with binding international law. The United Kingdom has made a number of proposals for different types of cooperation and remains keen to foster a constructive relationship with Argentina and to promote practical cooperation in the South Atlantic. These have been rejected.

The United Kingdom notes that the Republic of Argentina regularly refers to regional statements of diplomatic support for Falkland Islands sovereignty negotiations, General Assembly resolutions, the last of which was issued in 1988, and resolutions of the United Nations Decolonization Committee. However, none of the regional statements or specific Falkland Islands resolutions fully reflect the legally binding principle of self-determination enshrined in the Charter of the United

Nations, nor the modern relationship between the United Kingdom and its Overseas Territories, which is based on self-determination. Regional statements and General Assembly resolutions do not modify or dilute the obligation of nations to respect the Falkland Islanders right of self-determination, enshrined under the Charter of the United Nations. All Caribbean participants of the UK-Caribbean Forum acknowledged this on 22 January 2012, when they committed to respecting the right of self-determination for all peoples, including Falkland Islanders.

The United Kingdom and the Republic of Argentina cannot negotiate away the right of self-determination. It is a principle which we are both legally bound to respect, and promote the realization of, in accordance with the Charter of the United Nations and international law. The Republic of Argentina, and any country that supports its wish to deny the Falklands people their rights, are reminded of their legally binding international obligations to respect the principle and right of self-determination for all peoples, as respectively set out under the Charter of the United Nations (Article 1.2), the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights (common Article 1). In contrast to the position of the Republic of Argentina, the position of the United Kingdom and Falkland Islands Governments is firmly based on the legally binding and fundamental United Nations principle and right of self-determination for all peoples. The United Kingdom and Falkland Islands Governments fully respect and apply all legally binding international law. The United Kingdom's defensive military presence in the Falkland Islands exists only in order to defend the rights and freedoms of the people of the Falkland Islands to determine their own political, social and economic futures. The United Kingdom undertakes routine military exercises of short range missiles approximately every six months on the islands. It has done so since they were deployed there in response to the Republic of Argentina's invasion of the Falkland Islands in 1982. These exercises do not represent any change in the United Kingdom defence posture in the South Atlantic.

South Georgia and the South Sandwich Islands is a separate British Overseas Territory that is not considered under the Falkland Islands at the United Nations. It has no permanent settled population, and thus no people with a right of self-determination, and it is not a listed territory within the Decolonization Committee. The United Kingdom formally took possession of the islands of South Georgia and the South Sandwich Islands in 1775 and, with the exception of six weeks illegal occupation in 1982, has had uninterrupted possession since. The Republic of Argentina had never protested British sovereignty over South Georgia and the South Sandwich Islands until it conceived its claim to South Georgia in 1927 and to the South Sandwich Islands in 1948. In the 1940s and 1950s, the United Kingdom offered to refer the issue of sovereignty over South Georgia and the South Sandwich Islands to the International Court of Justice or international arbitration for settlement. Regrettably, the Republic of Argentina, without explanation, rejected all of these offers and refused to accept the jurisdiction of the International Court of Justice in this matter.

I should be grateful if you would circulate the present letter as a document of the General Assembly, under agenda item 45.

(*Signed*) Mark **Lyall Grant**

United Nations A/66/678

General Assembly

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Sixty-sixth session
Agenda item 18
Follow-up to and implementation of the outcome of the 2002 International Conference on Financing for Development and the 2008 Review Conference

Summary by the President of the General Assembly of the fifth High-level Dialogue on Financing for Development (New York, 7 and 8 December 2011)

I. Introduction

1. The General Assembly held its fifth High-level Dialogue on Financing for Development on 7 and 8 December 2011 at United Nations Headquarters. The overall theme of the meeting was "The Monterrey Consensus and the Doha Declaration on Financing for Development: status of implementation and tasks ahead".

2. The Acting President of the General Assembly, Gary Francis Quinlan, opened the meeting on behalf of the President of the General Assembly, Nassir Abdulaziz Al-Nasser. Statements were also made by the Deputy Secretary-General, Asha-Rose Migiro, and the President of the Economic and Social Council, Lazarous Kapambwe. Three ministers, one vice-minister and other officials from 53 Governments made statements to the plenary, including seven representatives speaking on behalf of groups of countries.

3. The second day was devoted to three interactive multi-stakeholder round tables on selected themes, each followed by an informal interactive dialogue. Participants at those informal meetings included high-level representatives of Governments, representatives of international organizations and observers, and 24 representatives of civil society organizations and the private sector. The titles of the round tables and the informal interactive dialogue were as follows:

- Round table 1: The reform of the international monetary and financial system and its implications for development.
- Round table 2: The impact of the world financial and economic crisis on foreign direct investment and other private flows, external debt and international trade.

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- Round table 3: The role of financial and technical development cooperation, including innovative sources of development finance, in leveraging the mobilization of domestic and international financial resources for development.
- Informal interactive dialogue: The link between financing for development and achieving the internationally agreed development goals, including the Millennium Development Goals.

4. The meeting had before it the following reports of the Secretary-General: (a) Follow-up to and implementation of the Monterrey Consensus and Doha Declaration on Financing for Development (A/66/329); (b) Innovative mechanisms of financing for development (A/66/334); (c) International financial system and development (A/66/167); (d) External debt sustainability and development (A/66/164); (e) International trade and development (A/66/185); and (f) Summary by the President of the Economic and Social Council of the special high-level meeting of the Council with the Bretton Woods institutions, the World Trade Organization and the United Nations Conference on Trade and Development (New York, 10 and 11 March 2011) (A/66/75-E/2011/87). The discussions held at the plenary meetings, round tables and interactive dialogue meetings are summarized below.

II. Plenary meetings

5. In his opening remarks delivered by the Acting President, the President of the General Assembly expressed deep concern about a range of factors contributing to the uncertain global economic environment, including the sovereign debt crises in Europe, the continuing jobs crisis in developed countries, weaknesses in the financial sector, climate change and volatile food and energy prices. Moreover, political divisions over how to tackle these problems and calls for fiscal austerity were impeding effective and coordinated policy responses. Donors needed to deliver on their official development assistance (ODA) commitments despite fiscal pressures and explore the potential of innovative financing to provide additional resources. After almost a decade of multilateral trade negotiations, the share of the least developed countries in world trade remained extremely low. It was therefore important for the international community to provide duty-free and quota-free access for all products originating from least developed countries and increase resources for aid for trade to enable poorer countries to enhance their trade competitiveness.

6. The President warned that the debt sustainability of developing countries could be adversely affected by the spillover from the European debt crisis. In that context, the effectiveness of debt sustainability frameworks needed to be re-examined through further work at the inter-agency level. It was also necessary to design instruments and institutional mechanisms to better deal with debt distress. He called for better cooperation from multilateral institutions, greater voice and participation of developing countries in the Bretton Woods institutions and more effective macroeconomic policy coordination. There was a need to ensure complementarity of efforts among the Group of Twenty (G-20), the United Nations and other multilateral organizations. The recently established practice of convening informal meetings of the General Assembly before and after the G-20 Summits represented

an important step in that direction. The President concluded by emphasizing that the High-level Dialogue was an important opportunity to mobilize the necessary policy actions and to fully implement the Monterrey Consensus and the Doha Declaration on Financing for Development prior to such important forums as the thirteenth session of the United Nations Conference on Trade and Development (UNCTAD XIII) and the United Nations Conference on Sustainable Development (Rio+20).

7. The Deputy Secretary-General, Asha-Rose Migiro, highlighted the fact that the meeting was being held at a time of continued crisis and uncertainty, not only for the world's poorest and most vulnerable, but also in most donor countries. The economic recovery remained fragile and uneven, unemployment and vulnerable employment persisted, poverty was on the rise, and famine threatened more than 13 million people in the Horn of Africa. As a result, many developing countries needed additional assistance to cope with the impact of the crisis and to expand their social safety nets. Yet, most donor countries, faced with mounting debts, were tightening their budgets. In that difficult environment, it was critical that donor countries fulfil their commitments regarding ODA. Development cooperation was not charity but rather smart investment in security and prosperity. Much more needed to be done to address all the foundations of the partnership for development, as set out in the Monterrey Consensus and the Doha Declaration, including domestic resource mobilization, investment, trade, aid, debt relief and reforms of global economic governance.

8. She stressed that the international community should do more to enable long-term public investments in infrastructure, green technology, human capital, public services and social protection. Moreover, a successful conclusion to the Doha Round of multilateral trade negotiations remained essential. She urged States involved in the Doha Round to achieve an "early harvest" on duty-free and quota-free access for all exports from least developed countries. The debt picture was equally troubling. It was important to ensure that spillover effects from debt crises in the developed world would not jeopardize debt sustainability in developing countries. Fresh efforts were needed to extend debt relief to the poorest and most vulnerable countries and, more broadly, to explore how to deal with debt distress more effectively and fairly. Lastly, she called for enhanced coordination, coherence and effective policymaking across the entire United Nations system. More effective global economic governance should give developing countries a greater voice. Ongoing quota reforms at the Bretton Woods institutions were important steps in that direction. While the values and principles contained in the Millennium Declaration remained as relevant as ever, such new development challenges as inequality, climate change and food and energy security should also be recognized. The United Nations Conference on Sustainable Development provided a crucially important opportunity to give new life to that objective.

9. The President of the Economic and Social Council, Lazarous Kapambwe, highlighted the importance of the Monterrey Consensus and the Doha Declaration for the achievement of the internationally agreed development goals, including those contained in the Millennium Declaration. During 2011, the Council had remained engaged in the financing for development agenda through its special high-level meeting with the Bretton Woods institutions, the World Trade Organization and the United Nations Conference on Trade and Development, the substantive session of the Council and a high-level symposium held in preparation for the 2012 Development Cooperation Forum. The President provided a brief overview of some

major points emanating from the discussions in the Council. First, it was imperative that developed countries fulfil all their ODA commitments. Ensuring sufficient and reliable ODA flows was essential for many developing countries, in particular the least developed countries. A major challenge in achieving long-term growth in least developed countries was investing in their productive capacities and in the creation of decent jobs. In that regard, the Council considered it crucial to build on the outcomes of the Fourth United Nations Conference on the Least Developed Countries and to implement the Istanbul Programme of Action.

10. It was also important to address the development needs of middle-income countries and to better align international support with national priorities in that group of States. Moreover, it was widely recognized that innovative financing mechanisms had the potential to raise resources for development that were additional to ODA. It was also necessary to further explore practical solutions to increase the impact of aid on people's lives. The Fourth High-level Forum on Aid Effectiveness, held in Busan, Republic of Korea, gave new impetus to efforts to root ODA in country-level dynamics and a broader development focus. The President emphasized that the 2012 Development Cooperation Forum would build on that momentum and serve as a major platform for sharing and analysing good practices and innovative approaches to development cooperation. Lastly, in order to overcome systemic impediments to financing for development, international efforts to reform the international monetary and financial system needed to continue. In particular, there was broad consensus on the need to reform the existing governance system and make it less fragmented. In that context, a strengthened and more effective Economic and Social Council could continue to play an important role as a hub for international policy coordination.

11. During the general debate on the overall theme, "The Monterrey Consensus and Doha Declaration on Financing for Development: status of implementation and tasks ahead", many speakers expressed deep concern about the impact of the highly fragile and uncertain global economic situation on trade, capital flows and economic development. A projected downturn in the global economy could threaten the attainment of internationally agreed development goals, including the Millennium Development Goals. Energy, food and commodity price volatility and climate change mitigation and adaptation posed additional challenges requiring renewed and adequate policy responses, especially in support of the least developed countries, as called for in the Istanbul Programme of Action.

12. Several speakers emphasized the importance of domestic resource mobilization for development, including effective tax systems and improved policy and governance frameworks. Governments should maintain the highest standards for accountability and transparency and continue to fight corruption and illicit financial flows. Illegal outflows from developing countries were estimated to exceed total ODA by a wide margin. Consequently, illicit financial flows were a major impediment to development. Curbing illicit flows and returning stolen assets to the country of origin, as mandated in the United Nations conventions against corruption and transnational organized crime, could make a major contribution to development finance. However, some speakers emphasized that, while domestic resource mobilization was important, many developing countries faced tremendous challenges in their efforts to reach the necessary growth rate and investment ratios for sustained development. It was therefore imperative to discuss measures that would lead to an enabling international environment.

13. Several participants expressed concern about the impact of the world financial and economic crisis on foreign direct investment. Some speakers highlighted that private sector flows, including capital flows, trade and remittances, represented the bulk of development financing. Others noted that the volume of foreign direct investment (FDI) flows to least developed countries remained low and mostly concentrated in extractive sectors. Representatives of least developed countries called for the introduction of incentive schemes for multinational corporations, which would help to promote more diversified investments into productive sectors in least developed countries. Some speakers drew attention to the growing inflows of remittances into least developed countries and called for an enabling legal, regulatory and institutional environment, in addition to measures to reduce transaction costs.

14. Many participants expressed concern about trade protectionism and emphasized the need for a speedy and successful conclusion to the Doha Round of multilateral trade negotiations. Some speakers called for an early harvest on (a) the full implementation of the provisions of the World Trade Organization (WTO) Hong Kong Ministerial Declaration concerning duty-free and quota-free market access for all products originating from all least developed countries; (b) a waiver decision on preferential and more favourable treatment for services and service suppliers of least developed countries; and (c) an ambitious, expeditious and specific outcome for cotton trade-related aspects, in particular, the elimination of trade-distorting domestic support measures and export subsidies, and the granting of duty-free and quota-free market access for cotton and cotton by-products originating in least developed countries.

15. Notwithstanding the bleak global economic outlook and fiscal pressures in many donor countries, many speakers called for the full implementation of the commitments and agreements contained in the Monterrey Consensus and Doha Declaration. In particular, donors needed to make good on their promises to deliver on their ODA commitments, despite budgetary constraints. While several speakers acknowledged the efforts made by some donor countries to achieve or even exceed the target of allocating 0.7 per cent of gross national income to ODA, there was concern that the majority of developed countries had not yet met their commitments. Many participants emphasized the potential of innovative mechanisms of financing for development in providing new resources that were stable, predictable and complementary to ODA.

16. Proposals were made to explore new forms of innovative financing, such as a financial transaction tax and a small levy on currency exchanges. South-South cooperation was also seen as an effective way to provide important sources for development finance. In that context, the creation of a task force on South-South and triangular cooperation within the Leading Group on Innovative Financing for Development was proposed. Several countries welcomed the outcome of the Fourth High-level Forum on Aid Effectiveness, held in Busan, Republic of Korea, as an important step towards establishing a framework for aid and aid effectiveness that would embrace traditional donors and emerging economies, as well as civil society and other development partners.

17. Some speakers expressed concern about the debt distress and debt sustainability of developing countries, especially in view of possible adverse effects of spillover from the European debt crisis. Many delegations stressed the

importance of holding comprehensive discussions, including within the United Nations and other appropriate forums, on the need for and feasibility of new sovereign debt restructuring and debt resolution mechanisms. Such discussions should take into account the multiple dimensions of debt sustainability and its importance for the achievement of the internationally agreed development goals, including the Millennium Development Goals. Some participants also called for the cancellation of all least developed country debt and the expansion of the Heavily Indebted Poor Countries Initiative to address the debt problems of all least developed countries. Several delegates called on the international community to follow a more systematic approach to addressing the needs of middle-income countries, with the aim of providing them with increased access to concessionary financing and debt relief.

18. According to several speakers, a new global partnership for development needed to be forged. In the current situation, where the world economy faced severe risks and high market volatility, ensuring equitable economic growth and promoting stability should be the top priorities of the international community. To that end, countries should strengthen macroeconomic policy coordination. Regional initiatives such as the Chiang Mai Initiative could play an important role in crisis prevention and management and effectively supplement existing international financial arrangements.

19. Many participants stressed the need for a substantive and comprehensive reform of the international economic and financial system and architecture. In particular, the world financial and economic crisis had highlighted the importance of further increasing the representation and voice of developing countries in global economic governance. Such reforms should reflect current realities and ensure the full participation of emerging market and other developing countries in decision-making and norm-setting forums. Some participants called on international financial institutions, including the Bretton Woods institutions, to recognize least developed countries as a special category, based on the United Nations vulnerability indices. That would also help to enhance the efficacy of support measures targeted in favour of the least developed countries.

20. Many speakers reaffirmed the relevance of the financing for development agenda in a post-2015 development framework. It was emphasized that the financing for development process must continue to promote mutual accountability, national ownership, inclusive partnerships and a focus on development results. There were calls to further intensify the engagement of all stakeholders in the financing for development process, including the United Nations system, the World Bank, the International Monetary Fund (IMF) and WTO, in the follow-up to and implementation of the commitments contained in the Monterrey Consensus and the Doha Declaration.

21. Several speakers highlighted the recent decision of the General Assembly to consider the need to hold a follow-up conference on financing for development by 2013 in order to strengthen the financing for development follow-up mechanism and adapt the financing for development process to new challenges and emerging issues. Some Member States referred to the request by the Assembly, in its resolution 65/145, that the Secretary-General submit, in August 2012, a report providing elements for an assessment of the existing modalities of the financing for development follow-up process and, on that basis, exploring detailed options

regarding possible arrangements for strengthening the process. It was emphasized that such a report should provide proposals, for the consideration of Member States, on the organization, membership, structure, mandate, scope and other relevant aspects of a proposed commission on financing for development under the authority of the General Assembly.

III. Round table 1. The reform of the international monetary and financial system and its implications for development

22. In her opening remarks, the Chair of round table 1, Maria Luiza Ribeiro Viotti, Permanent Representative of Brazil to the United Nations, emphasized that, despite some measures taken by the international community to address systemic impediments to financing for development, persistent deficiencies of the international monetary and financial system continued to give rise to global instabilities and hampered resource mobilization and crisis resilience in developing countries. There was a need to further reform and strengthen the international monetary and financial system in support of development. Key reform areas were financial regulation and supervision, multilateral surveillance and macroeconomic policy coordination. In addition, it was necessary to address sovereign debt issues, provide global and regional financial safety nets, and further reform the international reserve system. Moreover, many developing countries saw the need for further steps to redress imbalances in terms of their voice and representation in international financial institutions.

Presentations by the panellists

23. Round table 1 featured four presentations, by José Antonio Ocampo, Professor of Professional Practice in International and Public Affairs at Columbia University; Elliott Harris, Special Representative of IMF to the United Nations; Emmanuel Nnadozie, Director, Economic Development and New Partnership for Africa's Development (NEPAD) Division, Economic Commission for Africa (ECA); and John Vance Langmore, Representative of the Academic Council on the United Nations System.

24. Mr. Ocampo (Columbia University) stressed that the Monterrey Consensus continued to be a crucial framework for advancing financing for development. Regarding systemic reforms, he pointed out that progress had been achieved in three areas, namely financial regulation, the global financial safety net and macroeconomic policy coordination. The establishment of the Financial Stability Board and the adoption of the Basel III rules had advanced financial regulation, despite some weaknesses. The issuance of special drawing rights, new IMF credit lines, regional financial mechanisms and arrangements between major central banks had enhanced global liquidity provision. Economic policy coordination had been strengthened within the G-20, but should be carried out within a formal universal body such as IMF.

25. Mr. Ocampo also highlighted three areas within the international monetary and financial system in which reform progress had been insufficient, namely capital flow management, sovereign debt, and the international reserve and exchange rate system. Cross-border capital flows needed to be integrated in the overall regulatory framework. The lack of a multilateral sovereign debt restructuring mechanism

represented a major gap in the global financial order. The international reserve system was still based on a few reserve currencies. According to the speaker, the role of special drawing rights in that regard should be strengthened. Exchange rate volatilities between major currencies posed serious challenges and needed to be addressed at the multilateral level.

26. Mr. Harris (IMF) discussed several areas in which IMF played a central role. The latest review of IMF surveillance, concluded in October 2011, had identified some remaining gaps, including the need to make surveillance more focused on spillover effects between countries and financial stability. Moreover, IMF surveillance needed to gain traction. The speaker also pointed to the benefits and risks of capital flows. The Fund was developing a policy framework on managing capital inflows. Major elements were structural measures to enhance a country's capacity to absorb capital, adjustments of macroeconomic policies, and capital controls. Such capital controls could be used under certain country-specific circumstances, but should not serve as a substitute for appropriate macroeconomic policies.

27. Turning to the global reserve system, Mr. Harris stressed the advantages of enhancing the role of special drawing rights as a reserve asset. Special drawing rights would help to reduce precautionary reserve accumulation and diversify the supply of safe global assets. In view of technical and political challenges, however, a major change in the role of special drawing rights was not likely in the foreseeable future. The global financial safety net had been strengthened, including through new IMF facilities. Establishing a global stability mechanism and enhancing synergies with regional financing arrangements were under consideration as further options.

28. Mr. Nnadozie (ECA) emphasized the implications for Africa of current efforts to reform the international financial system and stressed the importance of voicing the views and positions of African countries in the process of that reform. Issues of particular concern to Africa were the provision of support to deal with the impacts of the global financial and economic crisis and the move towards a more inclusive international financial system.

29. Mr. Nnadozie expressed the view that financial resources of international financial institutions should be increased. The participation of Africa in the process of strengthening financial regulation needed to be enhanced. He pointed out that the Basel III framework posed problems for African countries owing to its complexity and implementation costs. He supported the issuance of new special drawing rights as an alternative reserve asset. A tax on financial transactions or institutions was also recommended. In addition, African countries should accelerate the process of putting in place a regional financial architecture to deal with future financial crises. To that end, regional financial institutions established within the African Union should become operational as soon as possible.

30. Mr. Langmore (Academic Council on the United Nations System) focused on the issue of global economic and financial governance. The growth in international economic integration had outpaced the existing capacity for global economic governance. International institutions needed to be strengthened to ensure that they were capable of taking swift and effective action. That had become especially apparent during the recent financial and economic crisis. The crisis had also demonstrated the need for a new economic paradigm that was broader and more inclusive, namely one that did not focus simply on maximizing incomes and

expecting the benefits to trickle down. That would involve, in particular, finding a better balance between the market and the state.

31. Mr. Langmore stressed the importance of stronger regulation of the banking sector, including financial institutions that were perceived as "too big to fail". Another issue to be addressed through international regulation was tax evasion facilitated by banking secrecy. The most effective way to strengthen international tax cooperation was to establish an international tax organization. That could be done by upgrading the Committee of Experts on International Cooperation in Tax Matters to an intergovernmental body. With regard to international economic policy coordination, the G-20 needed to enhance its legitimacy and outreach. The speaker recalled proposals to establish a global economic coordination council within the United Nations, supported by an international panel of experts.

Discussion

32. During the interactive exchange of views that followed, many speakers expressed the view that the reform of the international monetary and financial system should be a priority issue for the international community. Effective and targeted financial regulation, including of the shadow banking system, was vital. There was also a pressing need for international guidance on the management of capital flows. In addition, illicit capital flows needed to be better addressed at the multilateral level.

33. Some speakers advocated for enhanced cooperation between IMF and regional financial mechanisms. A number also underlined the need to further improve multilateral surveillance and to reform the global reserve system in order to reduce precautionary reserve accumulation. A few speakers expressed support for introducing a financial transaction tax.

34. With respect to individual financial firms, some speakers stressed that financial institutions needed to strengthen their understanding of and preparedness for systemic risks. It was also emphasized that compliance with basic principles of corporate governance was instrumental in enhancing crisis resilience at the firm level.

35. With regard to macroeconomic policies, some speakers pointed to the risks of premature fiscal consolidation in advanced economies in response to high public debt. At the same time, it was noted that medium- and long-term fiscal consolidation plans needed to be credible. A few speakers stressed that overall economic and development models needed to be people-centred and focused on the common good. Policies to foster job creation, social protection, sustainable development and education were vital. Concerns were expressed regarding rising economic and social inequalities. It was noted that countries with more equitable income distribution experienced more sustainable growth.

36. Many speakers pointed out that the system of global economic governance was flawed with gaps and deficiencies and did not properly reflect current economic realities. It was crucial to ensure fuller voice and participation of developing countries in global economic decision-making and norm-setting. Special consideration should be given to the least developed countries. The United Nations should play a leading role in global economic governance, pursuant to its mandate as set forth in the Charter. In particular, the Economic and Social Council should be

reinvigorated and strengthened. There were also calls for continuing reforms of the governance structures of the Bretton Woods institutions. A number of speakers supported stronger linkages between G-20 and non-G-20 members.

37. Some speakers referred to the institutional framework of the Monterrey process and called for a financing for development review conference in 2013. According to several participants, the annual special high-level meeting of the Economic and Social Council with the Bretton Woods institutions, WTO and UNCTAD should be strengthened and should feature outcome-oriented discussions. Some speakers also expressed support for upgrading the Committee of Experts on International Cooperation in Tax Matters to an intergovernmental body.

IV. Round table 2. The impact of the world financial and economic crisis on foreign direct investment and other private flows, external debt and internatienal trade

38. In his opening remarks, the Chair of round table 2, Lazarous Kapambwe, Permanent Representative of Zambia to the United Nations, highlighted that the crisis continued to affect developing countries through finance, debt and trade channels. He pointed out that, while net private capital flows to developing countries had recovered over the past couple of years, they had suffered a strong setback in the third quarter of the year owing to the sharp deterioration in global financial markets. Similarly, despite improved external debt indicators in a number of developing countries, debt sustainability remained a serious concern. The effectiveness of debt sustainability frameworks therefore needed to be re-examined through further work at the inter-agency level. He also indicated that the global crisis had distracted policymakers from the Doha Round of multilateral trade negotiations and called for countries to reach a successful and development-oriented conclusion.

Presentations by the panellists

39. Round table 2 featured three presentations, by Lawrence Goodman, President, Center for Financial Stability; Daniel Titelman, Director, Financing for Development Division, Economic Commission for Latin America and the Caribbean (ECLAC); and Michael Clark, Interregional Adviser, UNCTAD.

40. Mr. Goodman (Center for Financial Stability) made three major points. First, while economies and financial markets remained tightly interconnected, the recent crisis had not resulted from that long-standing relationship. Second, while the future for emerging economies was bright, a focused and effective policy response to the current crises was critical since direct and portfolio investors were more actively scrutinizing risks. Lastly, communication strategies relating to policies and plans were pivotal. Mr. Goodman stressed the severity of the current "Great Recession", which had resulted in a greater relative cumulative deficit than the Great Depression and the 1982 recession in the United States of America.

41. Mr. Goodman warned that the financial crisis had changed the markets' perception of Governments as risk-free lenders. While public spending had increased demand in many nations, limits to the ability of Governments to stimulate the economy through public spending would soon be reached owing to fiscal

pressures. In that regard, he warned that markets would increasingly scrutinize sovereign balance sheets and income statements. Moreover, public spending constraints would negatively affect the attainment of the Millennium Development Goals. To overcome those constraints, Governments needed to manage local public finance prudently and to think creatively with respect to engaging the private sector. The speaker also highlighted the need for a well-thought-out response to the current debt crises in Europe. He pointed out that the economic subcommittees to the Bank Advisory Committee established during the Brady debt restructuring era provided a blueprint for identifying common ground, deepening communication and paving the way for the benefit of creditors and debtors alike. Looking ahead, sensible economic policies should be guided by long-term growth objectives, sustainable levels of debt and sufficient official resources to support and ensure the successful implementation of policy measures.

42. Mr. Titelman (ECLAC) highlighted the fact that international financial flows to Latin America and the Caribbean had experienced a significant reduction as a consequence of the 2008 global crisis. Factors explaining the reversal included deleveraging by financial institutions and increased risk aversion by investors leading to greater home bias and demand for "safe" assets. International flows had also been suppressed by the higher financial needs of the developed economies and greater uncertainty on the part of investors regarding future prospects for the global economy and for the region. Mr. Titelman emphasized that the 2008 crisis had led to a reduction in both FDI and portfolio flows to Latin America. However, portfolio flows had increased in 2009 and 2010, while FDI had not started to recover until 2010. Moreover, in 2011, capital flows had showed resilience and the appetite for regional assets had remained relatively robust despite renewed concerns about the global economy and heightened risk aversion.

43. Mr. Titelman also referred to trends in other components of capital flows to Latin America and the Caribbean and to trade trends. He pointed out that remittances had decreased as a share of the region's gross domestic product (GDP) since 2005, while ODA flows had exhibited a declining trend in the past few decades and stood, in 2011, at 0.22 per cent of the region's GDP, almost 0.3 percentage points lower than in 1990. Mr. Titelman further emphasized that trade flows had fallen substantially in 2009 as a result of the global crisis, yet had recovered vigorously in 2010 and 2011. He argued that the future performance of regional trade would be determined largely by the prospects of developed economies and the level of external demand for commodities by China. The speaker referred to increased global economic uncertainty in recent months, which had raised downside risks for the region. Moreover, greater volatility with regard to exchange rate movements, private flows and terms of trade had become generalized and, consequently, had translated into more volatile GDP growth rates in the region.

44. Mr. Clark (UNCTAD) commented on the leading role of finance and of financial activities in both causing and propagating the crisis and its impacts. He noted that the ongoing financial crisis could end in one of two ways: (a) either through market forces, which would wreak more disruption, dislocation and misery on the world economy; or (b) through a determined and concerted effort by developed and developing countries to rebalance the world economy in a way that was timely, sustainable and just. He called for a more integrated approach to policymaking that not only linked macroeconomic, sectoral, trade and financial

policies in support of growth and development, but also brought together economic, environmental and social policies, leading to sustainable and inclusive outcomes.

45. In particular, Mr. Clark argued that three fundamental tasks must be undertaken to achieve development-led globalization. The first pertained to reforming the financial system, enabling it to be more stable and to better mobilize resources for productive investment. Volatile and pro-cyclical capital flows needed to be replaced with predictable, long-term development finance, enhanced regional financial cooperation, strengthened surveillance and regulation at all levels, and new institutional arrangements. Second, in order to channel financial and other resources towards the right kind of productive activities, industrial development should be a priority. In particular, industrial policy should be aligned with measures to build inclusive development paths and accompanied by complementary policies relating to trade, global rules and regulation and institutional development in areas of particular interest to developing countries, such as commodity markets. The third vital task was to agree on a new globalized social contract, founded upon certain minimum shared expectations and reflecting the fundamental right of all nations to choose their own path to development. A strong social compact would require a range of universal and targeted social policies, tailored to specific circumstances, to ensure that the benefits of growth were widely enjoyed and its risks fairly shared.

Discussion

46. During the interactive discussion, it was noted that countries had seen an uneven and fragile recovery in trade and capital inflows following the world financial and economic crisis. While speakers highlighted the potential for FDI to provide opportunities for capital, job creation and technology, they also emphasized that the volatile nature of short-term portfolio flows called for policy measures to mitigate potentially adverse effects on aggregate domestic demand and economic growth.

47. There were calls for a new paradigm in support of a more equitable, coherent and stable international financial architecture that was based on pragmatism rather than free-market orthodoxy. Such a system should be more supportive of the productive sector of the economy rather than short-term capital movements. It was noted that any reform of national regulatory and policy frameworks needed to be sensitive to the fact that economies and financial markets would remain highly interconnected, as evidenced by the world financial and economic crisis.

48. Some speakers underlined the need to address the plight of the most poor and marginalized people in macroeconomic policy responses to the crisis. It was pointed out that least developed countries were vulnerable to the effects of the crisis through reduced FDI and remittances, volatile commodity prices, the reduction in projected ODA and debt sustainability issues.

49. Some participants stressed the important development contribution of South-South cooperation in promoting FDI and trade flows. It was emphasized that South-South investment and trade flows were likely to grow in significance in the future, in line with faster growth rates in some leading developing economies. Some speakers argued that increased consideration needed to be given to issues pertaining to South-South investment and trade flows within the financing for development process.

50. The need to mobilize finance for infrastructure investments was highlighted. Given its long-term nature, it was argued that infrastructure investment should not be affected by short-term economic considerations. This should be the case especially for investments that were publicly financed. Better infrastructure was also seen as an important vehicle to increase inter- and intraregional trade flows.

51. In connection with the current sovereign debt crises in some developed economies, speakers highlighted the importance of sensitive crisis management and proper communication of policy measures in restoring consumer and investor confidence. There were calls for independent debt work-out mechanisms to prevent future crises. In that regard, the work done by UNCTAD on principles for responsible lending and borrowing was highlighted. With respect to long-term debt sustainability, increasing the capacity to raise national revenue through the reduction of illicit capital flows was also considered important.

V. Round table 3: The role of financial and technical development cooperation, including innovative sourcesof development finance, in leveraging the mobilization of domestic and international financial resources for development

52. In his opening remarks, the Chair of round table 3, Morten Wetland, Permanent Representative of Norway to the United Nations, emphasized that fulfilling alt ODA commitments was of vital importance for many developing countries, particularly the least developed countries. However, effective mobilization of domestic resources was essential for sustainable development and for avoiding aid dependency in the long term. He stressed the importance of stemming illicit financial outflows from developing countries and called for increased international tax cooperation. He also stated that Norway had imposed a special tax of 50 per cent on income from petroleum extraction, in addition to the ordinary income tax of 28 per cent, and suggested that resource-rich African countries could follow that example. The speaker noted that the levy was imposed on the value determined by Norway's Ministry of Finance, not on the price level stated in the invoice submitted by producers. He also drew attention to the complementary role of innovative financing mechanisms and referred to tobacco product taxes and financial and currency transaction taxes as promising new sources of financing.

Presentations by the panellists

53. The round table featured four panel presentations, by Julien Meimon, Head of the Permanent Secretariat of the Leading Group on Innovative Financing for Development (France); Ekaterina Gratcheva, Lead Financial Officer, Banking and Debt Management, World Bank; Abdallah Al-Dardari, Director, Economic Development and Globalization Division, Economic and Social Commission for Western Asia (ESCWA); and Renate Hahlen, Deputy Head, Unit A3 on Coherence of European Union Policies for Development, European Union Aid Effectiveness, European Commission.

54. Mr. Meimon (France) focused his presentation on innovative sources of development financing. He emphasized the potential of innovative finance to complement existing ODA and to remedy some of the quantitative and qualitative shortcomings of ODA, such as insufficient predictability and volatility. According to the speaker, innovative financing mechanisms would not replace existing aid commitments, since they focused primarily on sectors and approaches that currently were not targeted by traditional ODA. However, he highlighted the need to improve the accounting of such flows in Organization for Economic Cooperation and Development (OECD) Development Assistance Committee statistics, in order to ensure their additionality. Furthermore, contrary to common perception, such new forms of development financing would not add much complexity to the existing aid architecture, since the large majority of the countries involved in innovative finance were traditional donors. Moreover, the modalities of managing innovative sources of finance, which included pooling resources, long-term contracting with suppliers to meet recurrent needs of recipient countries and an emphasis on internationally agreed development goals, would make them more effective and flexible than ODA.

55. Many innovative financing schemes, including market mechanisms, taxes on globalized activities, private contributions and debt conversion mechanisms, had proven their viability and capacity to generate substantial amounts of new resources for achieving the Millennium Development Goals. Looking ahead, the speaker argued that the most promising and well-studied mechanism that could be implemented next was the proposed financial transaction tax. Mr. Meimon pointed out that similar taxes in one form or another had been introduced in over 40 countries. He emphasized that a financial transaction tax could raise an additional 30 to 50 billion euros in development resources annually, if it was introduced only in Europe. He reminded the audience of the pioneering role that the United Nations and the financing for development process had played in launching the work on innovative financing. He called for a continued strong global partnership to mobilize global support and solidarity for scaling up existing and promoting new sources of innovative financing, including the financial transaction tax initiative.

56. Ms. Ekaterina Gratcheva (World Bank) pointed out that international flows of development financing had shifted from official flows to private flows. That trend was likely to accelerate in the light of further fiscal tightening in donor countries and the deepening integration of developing countries in global financial markets. The World Bank Treasury was therefore focusing on designing and deploying innovative financial instruments that leveraged official flows to generate additional funds for development. The World Bank offered member countries, for that purpose, flexible and local currency loans, contingent financing mechanisms, credit enhancement, hedging products, catastrophic risk management, client advisory services for asset and liability management and capital market access. Emphasis was placed on risk management to protect sovereign resources against future shocks and on immediately raising the needed resources for rapid response following such shocks.

57. The speaker highlighted the World Bank Treasury's role in raising funds for the International Finance Facility for Immunization through bond issues. She referred to the case of Malawi, where a drought insurance instrument had been developed in order to provide relief and funding for emergency procurement of food following severe shortages of rainfall. Such proactive, ex-ante use of official

resources resulted in manifold savings in terms of ex-post donor transfers that would have ensued in the absence of such schemes. For instance, the aforementioned weather derivative or a call option to help limit the price of maize imports were associated with ex-ante premium payments of just 10 per cent of the overall payout. The speaker emphasized that such schemes could be expanded to other kinds of risks facing many developing countries and expressed the World Bank's readiness to assist countries interested in those types of mechanisms.

58. Ms. Hahlen (European Commission) presented the European Union progress report on achieving the 0.7 per cent of gross national income aid target by 2015. She emphasized that, despite missing the intermediate goal set for 2010, European Union Heads of State and Government had reaffirmed their 2015 commitment in June 2011. She referred to a recent legislative proposal by the European Commission to allocate 96 billion euros ($130 billion) to European Union external assistance for the period 2014-2020, which would complement the cooperation programmes of member countries. The speaker also assured Member States that the European Union was on track to reach the ODA targets for least developed countries, as enshrined in the Istanbul Programme of Action. In order to increase the impact of its development assistance, the European Union had recently launched an "Agenda for Change", proposing differentiated partnerships with a special focus on assisting the neediest countries, including those in fragile situations.

59. The speaker also emphasized that the European Union attached great importance to aid effectiveness and transparency. In that context, she referred to the European Union transparency guarantee, which obliged its member States to disclose all information on their aid programmes according to the standards of the International Aid Transparency Initiative. Moreover, the European Union joint programming policy required multi-annual collaboration at the country level under the leadership of partner countries. She also highlighted the increasingly important role of innovative financing, particularly the need to mobilize predictable financing for sustainable development and climate change priorities, especially from non-governmental sources. The September 2011 European Commission proposal on a financial transaction tax in the 27 member countries of the European Union was an important step in that direction. The European Union was also working to extend its ODA grants more strategically in order to leverage official resources, grants and loans and to mobilize public and commercial investors. Efforts to set up a common European Union platform for external cooperation and development, involving a wide range of relevant financial institutions in the field, would further enhance innovative financial tools to support, in particular, small and medium-sized enterprises and infrastructure financing.

60. Mr. Al-Dardari (ESCWA) presented the result of a recent ESCWA macroeconometric modelling exercise aimed at forecasting the Arab region's economic performance up to 2025. The model would also link the output to sub-modules dealing with several developmental issues such as poverty, unemployment and malnutrition in the region. The speaker focused in particular on the issue of intraregional financial flows, namely the relocation of accumulated oil wealth and aid flows between oil exporters and oil importers. The main simulation presented by Mr. Al-Dardari involved a scenario of investing 10 per cent of the projected receipts of the oil exporters in the oil importing countries, with a 0.5 per cent increase in intraregional aid. Such an oil revenue transfer resulted not only in a dramatic improvement of the economic performance of the recipient

countries, but also in a higher rate of return for investors compared to their expected return in international capital markets.

61. Based on those results, the presenter advocated an explicit policy of encouraging much closer regional integration among Arab countries as one of the most promising avenues to accelerate economic growth and sustainable development in the region. In the light of the fact that an estimated $150 billion liquidity surplus was sitting idly in the region's banks, he predicted a fast and substantial impact, in terms of structural transformations, employment generation and poverty reduction, of improved financial intermediation among the regional countries. ODA and innovative financing approaches could promote such regional integration and help to realize immediate benefits such as capital formation and poverty reduction in recipient countries.

Discussion

62. During the interactive discussion that followed, there was a broad agreement among delegates that commitments to ODA targets, including those for least developed countries, should not be weakened in the current fragile economic environment. However, many speakers stressed that scarce official funding should be used more efficiently and that additional resources could be leveraged from non-public sources.

63. It was noted that effective domestic resource mobilization was an essential requirement for sustained economic development, employment generation and poverty alleviation and for avoiding continuing aid dependency. Strengthening public finances, including through international tax cooperation, and expanding investment opportunities and bankable investment projects in developing countries through private-public partnerships were also emphasized.

64. Many delegates insisted that innovative financing flows needed to be additional to ODA commitments. In that context, ensuring transparency of aid flows was key to ensuring additionality. The best practices of the existing mechanisms should be scaled up, where possible, and new sources of innovative financing should be actively explored. Currently, the most promising and well-studied mechanism was the financial transaction tax, including the currency exchange tax. Many speakers called for concrete steps towards its implementation, possibly by a select group of like-minded countries in Europe. The activities of the Leading Group on Innovative Financing for Development were actively supported.

65. In addition, some participants mentioned taxing arms trade and wealth, microfinance, and risk mitigation through private-public partnerships in developing countries as innovative sources of finance. Others stressed that ODA and innovative approaches should be used to promote regional integration among Arab countries and countries in the Eurasian region. The Financing for Development Office of the Secretariat was encouraged to arrange more frequent interactions among practitioners of innovative financing within the United Nations.

VI. Informal interactive dialogue: the link between financing for development and achieving the internationally agreed development goals, including the Millennium Development Goals

66. In her opening remarks, the Chair of the meeting, Enkhtsetseg Ochir, Permanent Representative of Mongolia to the United Nations, stressed that achieving the Millennium Development Goals required strengthening the global partnership for development, as embodied in Goal 8, the 2002 Monterrey Consensus, the 2002 Johannesburg Plan of Implementation and the 2005 World Summit Outcome. However, in terms of Goal 8, the international community fell short on three fronts. First, even as ODA had reached record levels in 2010, donor Governments intended to increase spending more slowly in 2011-2013. Second, WTO had yet to conclude the Doha Round of multilateral trade negotiations. Third, although there had been major efforts to increase access to medicines and information and communications technologies, their costs remained prohibitive in many developing countries. At the same time, new challenges requiring concerted global action had emerged over the past decade, including the impact of the world financial and economic crisis, additional costs of climate change mitigation and adaptation and damage to the Earth's environment, new forms of economic cooperation, price volatility in international markets of key commodities and South-South cooperation.

Presentations by the panellists

67. The informal interactive dialogue featured four presentations, by Cho Tae-yul, Ambassador for Development Cooperation, Ministry of Foreign Affairs and Trade, Republic of Korea; Eduardo Gálvez, Deputy Permanent Representative of Chile to the United Nations; Olav Kjorven, Assistant Administrator and Director of the Bureau for Development Policy, United Nations Development Programme (UNDP); and Roberto Bissio, Coordinator, Social Watch.

68. Mr. Cho briefed participants on the outcome of the Fourth High-level Forum on Aid Effectiveness, held in Busan, Republic of Korea, from 29 November to 1 December 2011. According to the speaker, the Busan Forum had marked a new beginning in global development cooperation, taking into account a rapidly changing development landscape. The increasing involvement of new donors made the global aid architecture more complex. Moreover, development cooperation faced multiple challenges, such as economic and financial crises, climate change, conflicts and natural disasters. Against that backdrop, Mr. Cho pointed out that the Busan meeting had been held not only as an intergovernmental process but also as a multi-stakeholder forum. Delegates from over 160 countries, 70 international organizations and 300 civil society organizations and some 100 partners from the private sector had participated.

69. Consequently, the Busan Forum had launched a new global partnership for effective development cooperation that involved emerging economies, civil society and the private sector. That partnership was rooted in common goals, shared principles and differential commitments collectively identified at the Forum. The meeting had also broadened the focus from aid to development, recognizing the catalytic role of aid in leveraging other development resources. The speaker stressed

the need to give full consideration to the more comprehensive concept of development effectiveness. The Busan Forum had eventually ushered in systematic cooperation among various global development forums, including the Development Cooperation Forum.

70. Mr. Gálvez pointed out that the Millennium Development Goals and the 2002 Monterrey Consensus were crucial reference documents for the entire international community. The agreements and commitments achieved at the International Conference on Financing for Development in Monterrey, Mexico, were to be implemented in a continuous and gradual process. The Monterrey process was closely linked to Goal 8 on developing a global partnership for development. It was necessary to further strengthen that partnership, in particular with reference to developing an open, rule-based, predictable, non-discriminatory trading and financial system and addressing the special needs of least developed countries, landlocked developing countries and small island developing States. The Monterrey process was an instrument for achieving the internationally agreed development goals, including the Millennium Development Goals, which at the same time went beyond the Goals in some areas. The speaker pointed out that the Goals excluded some issues that were also relevant to development, such as inequalities among and within countries and the overall equity of the international economic and financial system.

71. One crucial feature of the Monterrey Consensus was that it addressed structural and systemic aspects of the world economy. In particular, chapter VI of the Consensus was aimed at enhancing the coherence and consistency of the international monetary, financial and trading systems in support of development. Those systemic issues should also be taken into consideration when discussing a framework to succeed the current Millennium Development Goals framework after 2015. As one major systemic issue, Mr. Gálvez emphasized that global economic governance was of fundamental importance at the multilateral level. There were serious gaps and deficiencies in the existing international framework for global economic governance for development. It was necessary to consider how the United Nations could be strengthened in order to remain relevant and respond to the evolving challenges of global governance. The speaker stressed that the United Nations must play an important role in the global economic governance framework and should not be reduced to providing development and humanitarian assistance.

72. Mr. Kjorven emphasized that there had been progress towards achieving the Goals, despite some setbacks. Many developing countries had shown considerable crisis resilience. Nevertheless, a number of serious development challenges persisted, including the adverse impacts of the financial and economic crisis, the food crisis and youth unemployment. With respect to the financing for development process, there had been mixed progress. ODA remained significantly below the United Nations target. Innovative sources of financing for development had promising potential, but remained of limited significance to date. Despite successes in debt relief, many countries had been excluded from relevant initiatives. In that regard, he stressed the need to further enhance financial inclusion in order to boost domestic resource mobilization.

73. The Busan Forum had had a positive outcome. The outcome document had been approved by both developed and developing countries. A new development partnership involving not only emerging markets, but also civil society in

development cooperation efforts was necessary. The speaker also highlighted the importance of aid transparency, quality and effectiveness, which were equally as important as aid volume. Aid should be spent strategically and should leverage other development resources, for instance in the energy sector.

74. Mr. Bissio pointed out that the growth of world income and trade over the past two decades had not resulted in similar progress in social development. He emphasized that, while total world exports had multiplied almost five times in 20 years (from a total value of $781 billion in 1990 to $3.7 trillion in 2010) and the world average income had more than doubled in per capita terms ($4,079 in 1990 to $9,116 a year in 2010), the basic capabilities index calculated by Social Watch, which tracked the world averages of essential social indicators, had grown by only 10 per cent in 20 years. Consequently, economic growth did not ensure improvements in such important areas as poverty, health, nutrition and education. Inequalities were on the rise, not only between countries, but also between the rich and poor within individual countries.

75. Mr. Bissio stressed that mounting disparities had been aggravated by the "financial paradox" of the international financial system: some least developed countries accumulated more money every year in their central bank reserves than the amounts they received as ODA. That trend had led to a situation where the poorest of the world provided soft loans to the "new highly indebted powerful countries". The resulting net transfer of financial resources from developing to developed countries posed a threat to the global public good of financial stability. Urgent measures were needed to address that situation and should include curbing speculation, breaking up large financial firms, enhancing banking supervision and taxing the financial sector. The speaker also called for strengthening the financing for development process through the establishment of an intergovernmental commission on financing for development.

Discussion

76. During the discussion that followed, there was broad consensus that in order to achieve the Millennium Development Goals, action on the part of both developing and developed countries must be scaled up. Goal 8, namely the development of a global partnership for development, was based on the principles enshrined in the Monterrey Consensus and reaffirmed in the Doha Declaration. Speakers emphasized that the global partnership provided the foundation for the achievement of all the Goals. Its implementation called for a concerted and sustained effort on the part of all relevant stakeholders, including Member States, international organizations, civil society and the business sector. In particular, cooperation between the United Nations and the international financial institutions, including the Bretton Woods institutions, should be improved. The need to explore ways to strengthen the financing for development follow-up process was emphasized in the interest of meeting the Goals.

77. Many speakers noted that the recent world fuel, energy, financial and economic crises had led to lower incomes and higher unemployment in developing countries as a result of drops in external flows, lower export revenues and decreases in remittances. That threatened the hard-won and uneven gains made in the fields of poverty reduction, health and education. To counteract the negative impact of the crises, especially in countries with special financing needs, it was crucial to meet

the targets of Goal 8. The international community should deliver on its ODA commitments, enhance aid effectiveness and reduce conditionalities. It was noted that the quality of statistics needed to be improved to make aid more effective, particularly for countries with special needs. Innovative sources of finance had shown their effectiveness in providing additional resources for the realization of the Goals and should be promoted and explored further.

78. Several participants welcomed the Fourth High-Level Forum on Aid Effectiveness at which the "Busan Partnership for Effective Development Cooperation" had been adopted. However, some delegates stressed that the Busan outcome was not a United Nations document and that it must not distract from the implementation of existing ODA commitments. In that connection, the difference between the nature of South-South cooperation and traditional North-South cooperation was highlighted.

79. Several speakers emphasized that the international community needed to galvanize efforts to make progress on the Goals that fell far short of agreed targets, especially the reduction of maternal mortality, the promotion of gender equality and environmental sustainability. They pointed out that mechanisms to lower pharmaceutical prices had the potential to advance health targets, while enhanced access to technology could provide powerful tools to deal with climate change and increase agricultural productivity. While the importance of focusing development aid on the Goals was generally recognized, some speakers also highlighted the need to follow longer-term development policies that reached beyond the Goals.

80. Many participants called for fulfilling the development promise of the Doha Round of multilateral trade negotiations, increasing aid for trade to compensate for loss of tariff revenues and resisting protectionism, as well as extending measures to achieve the debt sustainability of developing countries. Some speakers also highlighted the importance of the private sector in achieving the Goals and called for the creation of an enabling environment for business investment.

81. It was stated that good governance at all levels was crucial for the attainment of the Goals. Domestically, developing countries should continue to implement national development strategies aimed at poverty reduction, job creation and sustained economic growth. In that regard, it was crucial to provide them sufficient policy space. At the international level, the recent world financial and economic crisis had highlighted the need for comprehensive reform towards a more equitable, coherent, participatory and development-oriented international financial architecture.

82. At the closing of the Dialogue, the Acting President of the General Assembly made concluding remarks (all materials of the meeting are available from http://www.un.org/esa/ffd/hld/HLD2011/).